

**FIRST DAWOOD INVESTMENT  
BANK LIMITED**

**Quarter Report**  
**31 March 2020**





FIRST DAWOOD INVESTMENT BANK LIMITED

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## CORPORATE INFORMATION

<b>Board of Directors</b>	Mr. Christopher John Aitken Andrew Mr. Rafique Dawood	Chairman Director & CEO (Nominee B.R.R. Investments (Pvt) Ltd.)
	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff Mr. Syed Iqbal Hussain Rizvi Mrs. Farhat Ali	Director Director Director Director (Nominee B.R.R. Investments (Pvt) Ltd.) Director
<b>Audit Committee</b>	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff	Chairman Member Member
<b>HR&amp;R Committee</b>	Mr. Khurshid A. Khair Mr. Asad Hussain Bokhari Mr. Abu Khursheed M. Ariff	Chairman Member Member
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Syed Musharaf Ali	
<b>Auditors</b>	Aamir Salman Rizwan Chartered Accountants	
<b>Head of Internal Audit</b>	Mr. Sohail Ahmed	
<b>Legal Advisor</b>	Nishtar & Zafar	
<b>Legal counsels</b>	A.Q. Abbasi & Associates Ansari AG Legal Kabiraji & Talibuddin Khalil Asif Ejaz & Co.	
<b>Bankers</b>	Al-Baraka Islamic Bank Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd.	
<b>Registered Office Head Office</b>	19 <sup>th</sup> Floor, Tower-B, Saima Trade Tower, I. I. Chundrigar Road, Karachi-74000 PABX: +92 (21) 32270182 FAX: +92 (21)3227-1912 Email : fdib@firstdawood.com URL : www.firstdawood.com	
<b>Share Registrar</b>	F.D. Registrar Services (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, 2020.

Your company during the three quarters of the financial year 2019-20 has reported after-tax profit of Rs.4.557 million as compared to loss of Rs. 16.317 million during corresponding period last year. The higher profit in corresponding last year is due to significant cutback in administration expense and reversal of provision. However, the net worth of your company has increased from Rs. 522.837 million to Rs. 529.406 million. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses significantly decreased from Rs.25.347 million to Rs. 19.149 million for the period under review in comparison to the corresponding period last year.

The Board of Directors are also pleased to record their appreciation of the valuable and untiring efforts and services rendered by the staff of the company.

April 22, 2020  
Karachi.

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

## ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 31 مارچ 2020ء کی تیسری سہ ماہی غیر اڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ ادارے نے تیسری سہ ماہی 31 مارچ 2020ء کے مالیاتی گوشوارے منافع بعد ٹیکس 4.557 ملین روپے اور پچھلے مالیاتی سال کے تیسری سہ ماہی کا خسارہ 16.317 ملین روپے منافع میں اضافہ کی بنیادی وجہ ڈیفنڈ ٹیکس اثاثوں میں اضافہ اور قابل ادائیگی مارک اپ کی ادائیگی سے مبرا ہونا ہے۔ آپ کی کمپنی کی مالیت میں کمی 522.837 ملین سے 529.406 ملین ہو گئی ہے اس کی وجہ ڈیفنڈ ٹیکس اثاثہ جات میں کمی ہے حالانکہ مہنگائی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات کو پچھلے مالیاتی سال کے متنا سب رکھنے میں کامیاب ہوا ہے۔ اخراجات 25.347 ملین روپے سے کم ہو کر 19.149 ملین روپے ہو گئے ہیں بینک مسلسل اسی جدوجہد میں ہے کہ اخراجات کو قابو میں رکھے۔

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 22, 2020  
کراچی

بورڈ آف ڈائریکٹرز کی طرف سے

**CONDENSED INTERIM FINANCIAL POSITION**  
AS AT MARCH 31, 2020

	Note	Unaudited MARCH 31, 2020 Rupees	Audited JUNE 30, 2019 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	2,891,356	222,223
Intangible Asset		1,691,869	783,478
Investment properties		60,810,000	60,810,000
Net investment in lease finance	7	11,327,814	12,898,515
Long-term investments	8	150,583,566	143,913,643
Long-term finances	9	-	-
Deferred tax asset	10	389,091,550	389,351,187
		616,396,155	607,979,046
<b>CURRENT ASSETS</b>			
Current portion of non-current assets	11	231,530,457	225,738,619
Short-term investments	12	50,481,507	757,328
Available for Sale investment held with Nazir SHC	8.2	44,927,891	44,539,693
Placements and finances	13	38,852,488	39,025,413
Loans , advances and prepayments		2,690,640	2,409,763
Mark-up accrued		65,497	16,365
Other receivables		1,476,655	1,653,851
Cash and bank balances		2,119,096	74,342,978
		372,144,231	388,484,010
		988,540,386	996,463,056
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		455,841,607	455,841,607
Accumulated loss		(1,405,253,065)	(1,409,809,964)
		534,488,772	529,931,873
Surplus / (Deficit) on revaluation of investments		(5,083,152)	(7,094,954)
		529,405,620	522,836,919
<b>NON CURRENT LIABILITIES</b>			
Long-term loans	14	65,903,193	79,273,605
Long term deposits	15	10,000,000	10,000,000
		75,903,193	89,273,605
<b>CURRENT LIABILITIES</b>			
Current portion of long-term liabilities	15	296,069,648	296,069,648
Mark-up accrued		25,756,644	25,756,644
Short term borrowings	15.2	50,266,346	50,266,346
Accrued and other liabilities		3,812,406	4,979,770
Taxation		7,326,529	7,280,124
		383,231,573	384,352,533
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16	-	-
		988,540,386	996,463,056

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

Chief Executive Officer

Chief Financial Officer

Director

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2020**

	<i>Nine Months Ended</i>		<i>Quarter Ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
<i>Note</i>	<-----Rupees----->			
<b>INCOME</b>				
Lease income	131,000	274,197	131,000	(210,996)
Return on deposits and investments	3,252,656	6,651,098	17,240	5,917,933
Gain on sale of securities	304,212	5,979,338	(0)	(1,523,749)
Income from long-term finances	72,265	17,233	35,200	2,194
Other income	257,597	92,142	41,397	(140,868)
	<u>4,017,730</u>	<u>13,014,008</u>	<u>224,836</u>	<u>4,044,514</u>
<b>PROVISION / CHANGES IN FAIR VALUE</b>				
(Provision) / reversal for lease losses and doubtful recoveries	13,155,732	24,929,679	6,120,000	301,521
Surplus/(Deficit) on Revaluation of Investment	1,000,000	-	1,000,000	-
Reclassification of unrealised loss from equity	(540,528)	-	-	-
Deficit / Surplus on remeasurement of held for trading securities	215,701	(2,746,963)	-	(859,411)
	<u>13,830,905</u>	<u>22,182,716</u>	<u>7,120,000</u>	<u>(557,890)</u>
	<u>17,848,635</u>	<u>35,196,724</u>	<u>7,344,836</u>	<u>3,486,624</u>
<b>EXPENDITURES</b>				
Administrative expenses	(19,148,818)	(25,347,617)	(4,684,859)	(8,252,321)
Unwinding Discount	(4,529,587)	-	-	-
Finance cost	(1,897)	-	-	-
	<u>(23,680,302)</u>	<u>(25,347,617)</u>	<u>(4,684,859)</u>	<u>(8,252,321)</u>
Share of Profit from Associates	10,434,985	(5,375,726)	-	-
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<u>4,603,318</u>	<u>4,473,381</u>	<u>2,659,977</u>	<u>(4,765,697)</u>
TAXATION	(46,419)	(20,790,149)	0	-
<b>Current Taxation</b>	<u>(46,419)</u>	<u>(20,790,149)</u>	<u>0</u>	<u>-</u>
<b>PROFIT/ (LOSS) AFTER TAXATION</b>	<u>4,556,899</u>	<u>(16,316,768)</u>	<u>2,659,977</u>	<u>(4,765,697)</u>
Earning per share - basic	<u>0.031</u>	<u>(0.110)</u>	<u>0.018</u>	<u>(0.032)</u>
Earning per share - diluted	<u>0.031</u>	<u>(0.110)</u>	<u>0.018</u>	<u>(0.032)</u>

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

\_\_\_\_\_  
*Chief Executive Officer*

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*Chief Financial Officer*

\_\_\_\_\_  
*Director*



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED MARCH 31, 2020**

	<i>Nine Months Ended</i>		<i>Quarter Ended</i>	
	<i>March 31,</i>		<i>March 31,</i>	
	<i>2020</i>	<i>2019</i>	<i>2020</i>	<i>2019</i>
	<i>&lt;----- Rupees -----&gt;</i>			
(Loss) / profit after taxation	4,556,899	(16,316,768)	2,659,977	(4,765,699)
Other comprehensive income				
Unrealised gain / (Deficit) on remeasurement of investments classified as available-for-sale	215,701	(2,746,963)	-	-
Share of associates' on reversal of unrealised loss on remeasurement of investments	-	-	-	-
	<u>1,471,274</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>1,686,975</u>	<u>(2,746,963)</u>	<u>-</u>	<u>-</u>
Total comprehensive (loss) / income for the period	<u><u>6,243,874</u></u>	<u><u>(19,063,731)</u></u>	<u><u>2,659,977</u></u>	<u><u>(4,765,699)</u></u>

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

\_\_\_\_\_  
*Chief Executive Officer*

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*Chief Financial Officer*

\_\_\_\_\_  
*Director*

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2020**

	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, 2018	1,483,900,230	-	399,402,107	53,426,910	2,596,484	(4,601,740)	(1,436,744,765)	497,979,226
Total comprehensive income for the period	-	-	-	-	-	-	2,080,528	-
- Profit for the period	-	-	-	-	-	-	-	2,080,528
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	(1,734,306)	-	(1,734,306)
Reclassification of gain to profit and loss account	-	-	-	-	-	-	-	-
Deferred Tax-OCI	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	416,106	-	-	(758,908)	(416,106)	(758,908)
Balance as at June 30, 2019	1,483,900,230	-	399,818,213	53,426,910	2,596,484	(7,094,954)	(1,435,080,343)	497,566,540
Effect of restatement	-	-	-	-	-	-	822,096	822,096
Effect of restatement	-	-	-	-	-	-	24,448,283	24,448,283
<b>Balance at July 1, 2019</b>	<b>1,483,900,230</b>	<b>-</b>	<b>399,818,213</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>(7,094,954)</b>	<b>(1,409,809,964)</b>	<b>522,836,919</b>
Total comprehensive income for the period	-	-	-	-	-	-	-	-
- Profit for the period	-	-	-	-	-	-	4,556,899	4,556,899
- Other comprehensive income	-	-	-	-	-	55,071	-	55,071
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	1,675,840	-	1,675,840
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Reclassification of gain to profit and loss account	-	-	-	-	-	540,528	-	540,528
Deferred Tax-OCI	-	-	-	-	-	(259,637)	-	(259,637)
Balance as at March 31, 2020	1,483,900,230	-	399,818,213	53,426,910	2,596,484	(5,083,152)	(1,405,253,065)	529,405,620

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE PERIOD ENDED MARCH 31, 2020**

	<i>Nine Months Ended</i>	
	<i>March 31,</i>	
	<i>2020</i>	<i>2,019</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	4,603,318	4,473,381
Adjustments:		
Depreciation	552,413	90,780
Finance Income	(72,265)	-
Lease Income	(131,000)	-
Gain on sale of investments	(177,280)	(5,979,338)
Share of Loss on Investment in Associates	(10,434,985)	537,526
Amortization	91,609	75,040
Finance cost	1,897	-
Unwinding discount	4,529,587	-
Provision / (reversal of provision potential lease	(13,155,732)	(24,929,679)
Deficit / Surplus on remeasurement of held for trading securities	(215,701)	2,746,963
Other income	(257,597)	(92,142)
	(19,269,054)	(22,712,650)
	(14,665,736)	(18,239,269)
 <i>Changes in operating assets and liabilities</i>		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	5,411,997	5,899,497
Long-term finances	1,516,866	478,748
Assets Classified Held For Sale	-	-
Placements and finances	172,925	276,496
Advances and prepayments	(280,877)	(621,887)
Mark up accrued	(49,132)	(15,101)
	6,771,779	6,017,753
	(7,893,957)	(12,221,516)
 <i>Increase / (decrease) in operating liabilities</i>		
Amortization of interest free loan	14,246,332	-
Short Term Borrowings	-	(6,000,000)
Accrued and other liabilities	(1,167,364)	(1,717,572)
	13,078,968	(7,717,572)
Tax paid	(394,187)	(987,336)
Net cash (used)/generated from operating activities	4,790,824	(20,926,424)
 <i>Quarter Ended</i>		
<i>September 30,</i>		
	<i>2019</i>	<i>2018</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	(2,669,133)	-
Proceed from sale of property and equipment	-	-
Long-term investments	(6,669,923)	6,103,728
Long-term deposits	-	2,500,000
Short-term investments	(49,939,880)	8,392,933
Net cash (used)/generated from investing activities	(59,278,936)	16,996,661
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Short Term Borrowings	(17,900,002)	(8,140,000)
Net cash (used in) from financing activities	(17,900,002)	(8,140,000)
Net increase / ( decrease) in cash and cash equivalents	(72,388,114)	(12,069,763)
Cash and cash equivalents at beginning of the period	74,342,978	90,515,101
Cash and cash equivalents at end of the period	2,119,096	78,445,338

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

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Chief Financial Officer

\_\_\_\_\_  
Director

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2020

**1. STATUS AND NATURE OF BUSINESS**

- 1.1 First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on the Karachi Stock Exchange. The registered office of the Company is situated in Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which have been expired and Company has filed an appeal in SECP Appellate Bench for renewal of License.
- 1.2 The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The appeal is pending. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Private) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited (sukuk issue), Bunny's Limited and Pak Hy-Oils Limited. The value of assets under trustee as at March 31, 2020 amounted to Rs. 9.04 billion (June 30, 2019: Rs. 9.04 billion).

**2. BASIS OF PREPARATION**

- 2.1 This condensed interim financial information has been prepared in accordance with requirements of the International Accounting Standard (IAS) - 34 "Interim Financial Reporting" and the requirements of Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), The Companies Act, 2017 (the Ordinance) and directives issued by the SECP. In case where requirement differs, the requirements of the Rules, the Regulations, the Ordinance or directives issued by SECP have been followed.
- 2.2 This condensed interim financial information does not include all of the information and disclosures required for annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended June 30, 2019.
- 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, 2019. "
- 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, 2019.

**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, 2019.

		<b>March 31, 2020</b>	<b>June 30, 2019</b>
	<b>Note</b>	<b>Rupees</b>	<b>Rupees</b>
<b>6. PROPERTY, EQUIPMENT AND INTANGIBLE</b>			
Furniture & fixtures		12,943	25,785
Equipment and appliances		31,998	49,291
Vehicles		2,846,415	147,147
Intangible asset		1,691,869	783,478
		<u>4,583,225</u>	<u>1,005,701</u>
		-	-
<b>6.1 Disposal of assets - at 10% of cost</b>			
Vehicles		216,200	-
		<u>216,200</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2020

	<i>Note</i>	<i>March 31, 2020 Rupees</i>	<i>June 30, 2019 Rupees</i>
<b>7. NET INVESTMENT IN LEASE FINANCE</b>			
Net investment in lease finance	7.1	494,766,369	500,178,366
Provision for potential lease losses		(378,002,009)	(384,002,009)
		116,764,360	116,176,357
Current portion		(105,436,546)	(103,277,842)
		<u>11,327,814</u>	<u>12,898,515</u>
<b>7.1 Particulars of net investment in lease finance</b>			
Minimum lease payments receivable		541,716,300	547,259,297
Residual value of leased assets		61,167,875	61,167,875
		<u>602,884,175</u>	<u>608,427,172</u>
Unearned finance income		-	-
Markup held in Suspense		(108,117,806)	(108,248,806)
Net investment in lease finance		<u>494,766,369</u>	<u>500,178,366</u>
<b>7.1.1</b> The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (September 30, 2019): 6M 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>March 31, 2020 Rupees</i>	<i>June 30, 2019 Rupees</i>
<b>7.2 Provision for potential lease losses</b>			
Opening balance		384,002,009	381,074,829
(Reversal) / charge for the period - net		(6,000,000)	2,927,180
Written off during the period		-	-
Closing balance		<u>378,002,009</u>	<u>384,002,009</u>
<b>7.3 Current portion of lease finance</b>			
Maturing within one year		494,766,369	513,220,182
Provision for potential lease losses		(378,002,009)	(418,783,376)
More Than One Year & Less Than Five Years		(11,327,814)	-
		<u>105,436,546</u>	<u>94,436,806</u>
<b>8. LONG TERM INVESTMENTS</b>			
Investment in associates	8.1	149,158,549	151,564,495
Saving Certificates		1,425,017	349,786
		<u>150,583,566</u>	<u>151,914,281</u>
<b>8.1 Investment in associates</b>			
Opening balance		143,525,923	151,564,495
Share of reversal of deficit on revaluation of investments recognised in other income		(552,428)	-
Share of (loss) / gain		10,434,985	(4,142,352)
Disposal of Investment		(5,925,771)	-
Share of reversal of deficit on revaluation of investments at FVOCI recognised in other comprehensive income		1,675,840	(3,896,220)
		<u>149,158,549</u>	<u>143,525,923</u>

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2020

			<i>March 31, 2020</i>	<i>June 30, 2019</i>
	<i>Note</i>		<i>Rupees</i>	<i>Rupees</i>
<b>8.2 Investment held with Nazir SHC at FVOCI</b>				
		<b>2019 2018</b>		
Number of Shares				
6,466,010		6,466,010	33,419,307	31,070,457
		Dawood Family Takaful		
1,477,823		1,477,823	11,508,584	11,307,321
		Al Baraka Bank Pakistan Limited	44,927,891	42,377,778
Remeasurement gain/ (loss) on investment of ABPL			-	201,263
Share of gain/(loss) on investment of ABPL			-	1,960,652
			<u>44,927,891</u>	<u>44,539,693</u>

**9. LONG-TERM FINANCES**

Term finance facilities		252,308,280	253,825,146
Provision for doubtful finances		(126,214,369)	(131,364,369)
		126,093,911	122,460,777
Current portion	11	<u>(126,093,911)</u>	<u>(122,460,777)</u>
		-	-

**March 31,  
2020**  
**Rupees**

**June 30,  
2019**  
**Rupees**

**9.1 Particulars of provision for doubtful finances**

Opening balance		131,364,369	162,879,805
(Reversal) / charge for the period - net		(5,150,000)	(35,425,436)
Provision during the period		-	3,910,000
Closing balance		<u>126,214,369</u>	<u>131,364,369</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. 389.351 million will be realised in the future.

	<i>March 31, 2020</i>	<i>June 30, 2019</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>10.1 TAXATION</b>		
Current Year	(46,419)	(2,573,758)
Deferred Tax	0	(7,228,477)
Prior Year	-	0
	<u>(46,419)</u>	<u>(9,802,235)</u>

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2020

	<i>Notes</i>	<i>March 31, 2020 Rupees</i>	<i>June 30, 2019 Rupees</i>
<b>11. CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Net investment in lease finance	7	105,436,546	103,277,842
Long-term finances		126,093,911	122,460,777
Long-term loans		-	-
		<u>231,530,457</u>	<u>225,738,619</u>
<b>12. SHORT TERM INVESTMENTS</b>			
<i>Held-for-trading</i>			
Listed ordinary shares		1,104,104	17,569,141
<i>Available-for-sale</i>			
Term finance certificates / sukuk bonds		49,700,000	1,771,862
Unquoted securities		11,563,655	25,328,157
		<u>61,263,655</u>	<u>27,100,019</u>
Less: provision for impairment in preference shares		(377,668)	(377,668)
Held with Nazir of SHC against HBFC Case		(11,508,584)	(24,950,489)
		<u>50,481,507</u>	<u>19,341,003</u>
<b>13. PLACEMENTS AND FINANCES</b>			
	<i>Note</i>	<i>March 31, 2020 Rupees</i>	<i>June 30, 2019 Rupees</i>
Placement and finance- unsecured		-	-
Provision for doubtful finances		-	-
		-	-
Financing against shares		155,158,994	155,185,305
Provision for doubtful finances		(155,158,994)	(155,185,305)
		-	-
Short-term finance - secured		11,300,000	11,300,000
Provision for doubtful finances		(11,300,000)	(11,300,000)
		-	-
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finances		(5,000,000)	(5,000,000)
		-	-
Morabaha / musharika finances		86,684,717	86,684,717
Provision for doubtful finances		(47,832,229)	(47,659,304)
		<u>38,852,488</u>	<u>39,025,413</u>
		<u>38,852,488</u>	<u>39,025,413</u>

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2020

	<i>Note</i>	<i>March 31, 2020 Rupees</i>	<i>June 30, 2019 Rupees</i>
<b>14 LONG TERM LOANS</b>			
<i>Secured</i>			
Commercial Banks	15	311,054,978	324,425,390
		<u>311,054,978</u>	<u>324,425,390</u>
Current portion		(245,151,785)	(245,151,785)
		<u>65,903,193</u>	<u>79,273,605</u>

	<i>Note</i>	<i>March 31, 2020 Rupees</i>	<i>June 30, 2019 Rupees</i>
<b>15 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term loans	14	245,151,783	245,151,785
Lease deposits		50,917,865	50,917,863
		<u>296,069,648</u>	<u>296,069,648</u>

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

	<i>March 31, 2020 Rupees</i>	<i>June 30, 2019 Rupees</i>
<b>15.2 SHORT TERM BORROWINGS</b>		
<i>Unsecured</i>		
Call borrowing - commercial bank	-	-
Development Financial Institution	50,266,346	56,266,346
	<u>50,266,346</u>	<u>56,266,346</u>

15.3 Since the pro-rata release of securities explained in note 13, therefore the company was compelled to adjust the cash & securities held by the Nazir of High court to repay the remaining monthly installments, after the first two installments, which were promptly paid in cash along with markup at rate determined by JCR-VIS credit rating agency i.e. 4.70%. The management is of the opinion that repayments were appropriately made by the company under the situation and that HBFC would not have any additional claim, once the 12-month period awarded by Honorable Supreme Court of Pakistan comes to an end and the repayments, whether in cash or in form of securities ( to be released by nazir SHC) are timely made by the company. Thus to create an unnecessary dispute, the DFI has filed execution in the High court, FDIBL filed an appeal in the High Court against Order. JCR-VIS is an acceptable and justified rate, because it can be verified / recalculated from books of account of HBFC as well. The sum as per aforesaid calculation i.e. as per JCR continues to reflect as accrued liability in the company's account. The company has also filed a petition in the Honorable Hogh Court of Sindh against State Bank of Pakistan for determining cost of fund @ 34.64% which is much higher than the current base interest rate.

	<i>Note</i>	<i>March 31, 2020 Rupees</i>	<i>June 30, 2019 Rupees</i>
<b>16 CONTINGENCIES AND COMMITMENTS</b>			
<b>16.1 Contingent liabilities</b>			
Letters of comfort / guarantee		1,088,000,000	1,088,000,000
		<u>1,088,000,000</u>	<u>1,088,000,000</u>



**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED MARCH 31, 2020

The guarantees worth Rs. 1,088 million (June 30, 2019: Rs. 1,088 million) are under litigations and are being defended by lawyers of the Company. Based on the opinion of legal advisors of the Company, the management is confident that adequate legal grounds are available to defend these cases. Accordingly, no provision is required to be made for the said cases in this condensed interim financial information. Brief detail of the guarantees under litigations is as under:

- i. A guarantee of Rs. 245 million was given against a Letter of Commitment and not against a guarantee which is currently in litigation. The beneficiary has restructured its facilities to the customer, hence the amount is restructured/settled. The beneficiary has filed a recovery case and winding up petition against the Company. According to the Company's legal advisors, the Company has good merits to defend both recovery case and winding up petition because the lender can not claim same amount from two parties.
- ii. 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 because the facility status was changed to term loan and also that the recovery Suit against Principal debtor is also pending.
- 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. 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 opinion of the legal advisors of the Company, the Company has good merits to defend the case as in its view the guarantee never became operational on technical grounds of non-fulfillment of pre-conditions.

## 17 TRANSACTIONS WITH RELATED PARTIES

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

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

	<i>March 31, 2020</i>		<i>June 30, 2019</i>	
	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>
----- Rupees -----				
<b>Investment in associate</b>				
Balance at beginning of the period / year	-	168,412,686	-	181,857,927
Share of Loss from Associate	-	-	-	(4,142,352)
Disposal of Investment in DFTL	-	-	-	-
Investment in Dawood Income Fund	-	-	-	300,000,000
Disposal of Investment in Dawood Income Fund	-	-	-	(307,367,320)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
	-	-	-	(1,935,569)
Balance at end of the period / year	-	168,412,686	-	168,412,686
<b>Long term finances / loans</b>				
Short term Loan	1,901,883	-	965,250	-
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	50,000,000	-	-
Disposal of Fixed Asset Cost	-	-	-	-
	1,901,883	50,000,000	965,250	-

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2020

	<i>March 31, 2020</i>		<i>June 30, 2019</i>	
	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>
	----- Rupees -----			
<b><i>Charge to profit and loss account</i></b>				
Common expenses paid	-	292,395	-	225,308
Share of (loss) / profit from associate	-	10,434,985	-	(4,142,352)
Share of common expenses received	-	-	-	-
Rental income	-	-	-	-
Rental expense	-	254,600	-	818,400
Takaful expense	-	-	-	78,439
	-	10,981,980	-	(3,020,205)

**18 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on April 22, 2020 by the Board of Directors of the Company.

**19 GENERAL**

Figures have been rounded off to the nearest Rupee.

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*Chief Executive Officer*


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*Chief Financial Officer*


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*Director*

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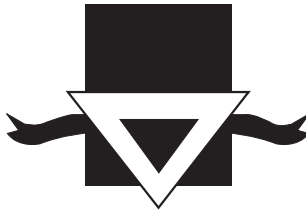
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I. I. Chundrigar Road, Karachi-74000



## FIRST DAWOOD INVESTMENT BANK LIMITED

### Head Office:

19th Floor, Tower-B, Saima Trade Tower, I. I. Chundrigar Road, Karachi-74000

PABX: +92 (21) 32270182 Fax: +92 (21)3227-1912

Email: [fdib@firstdawood.com](mailto:fdib@firstdawood.com) URL : [www.firstdawood.com](http://www.firstdawood.com)