

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

**First Quarter Report
30 September 2016**



FIRST DAWOOD INVESTMENT BANK LIMITED

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CORPORATE INFORMATION

Board of Directors	Mr. Rafique Dawood Mr. Abu Khursheed M. Ariff Mr. Ayaz Dawood Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair	Chairman (Nominee B.R.R. Investments (Pvt) Ltd.) Director & CEO (Not assumed charge as CEO) Director (Nominee B.R.R. Investments (Pvt) Ltd.) Director Director
Audit Committee	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair Mr. Abu Khursheed M. Ariff	Chairman Member Member
HR&R Committee	Mr. Khurshid A. Khair Mr. Asad Hussain Bokhari Mr. Abu Khursheed M. Ariff	Chairman Member Member
Chief Financial Officer & Company Secretary	Mr. Syed Musharaf Ali	
Auditors	Haroon Zakaria & Company Chartered Accountants	
Legal Advisor	Nishtar & Zafar	
Legal counsels	A.Q. Abbasi & Associates Ansari AG Legal Kabiraji & Talibuddin Kamal Azfar & Associates Khalil Asif Ejaz & Co. Mohsin Tayebaly & Co. Minto & Mirza S & B Durrani Law Associates	
Bankers	Al-Baraka Islamic Bank Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd. National Bank of Pakistan Ltd. Standard Chartered Bank Ltd. United Bank Ltd.	
Registered Office Head Office	18 th Floor, B.R.R Tower, Hasan Ali Street Off: I. I. Chundrigar Road, Karachi-74000 PABX: +92 (21) 32602401-06 Fax : +92 (21)3227-1912 Email: fdib@firstdawood.com URL : www.firstdawood.com	
Share Registrar	F.D. Registrar Services (SMC-Pvt) Ltd. 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Tel: +92 (21) 3547 8192-93 / 021-32771906 Fax : +92 (21) 3262 1233 / 021-32271905 Email: fdregistrar@hotmail.com, fdregistrar@yahoo.com	

* 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 September 30, 2016.

Your company during the first quarter of the financial year 2016-17, has reported after-tax profit of Rs.2.17 million as compared to profit of Rs.50.11 million during corresponding period last year, due to one off item of last year i.e. reversal of long term liability of a financial institution. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses slightly decreased from Rs.9.83 million to Rs.9.22 million. Financial charges reduced from Rs.7.71 million to Rs.5.49 million as compared to corresponding period. The Bank continues to follow disciplined cost management strategy.

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.

October 27, 2016
Karachi.

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

Rafique Dawood
Chairman

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 30 ستمبر 2016ء کی پہلی سرمایہ خرید شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے سرت محسوس کرتے ہیں۔ ادارے نے پہلے سرمایہ 30 ستمبر 2016ء کے مالیاتی گوشوارے منافع بعد ٹیکس 2.06 روپے پلین اور پہلے مالیاتی سال کے پہلی سرمایہ منافع 50.11 ملین روپے تھا۔ منافع میں کمی کی وجہ پہلے سال میں طویل مدت کی ادائیگی کا ختم ہونا ہے۔ حالانکہ وہ چھٹی کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی میں اضافی اخراجات میں بھی کمی ہوئی ہے۔ 9.83 روپے پلین سے 9.22 ملین روپے سو کی رقم میں کمی واقع ہوئی ہے۔ 7.71 روپے پلین سے 6.49 ملین بینک مسلسل اسی وجہ میں ہے کے اخراجات کو کم کر کے۔

کچھ ایسے اخراجات ہونے پر فارمنگس خرچہ جات کی واپسی کے ذریعے کر رہی ہے۔ ادارہ ای پروجیکٹس کو ہے۔ ہمارا ناسی اثاثہ جات اور فونڈ منجمنٹ ایسٹس میں ہیں کے وصولیاتی کے ذریعے ہان پر فارمنگس خرچہ جات کے مد میں خاطر خواہ کمی کی جاسکے گا کہ ایک بڑی بڑی کی حیثیت رکھتی ہے اس ادارے کے لئے:

ہم بھی طرح مستقبل کے چیلنجز سے آگاہ ہیں اور ہم پراقتضا ہیں کے ادارہ کاروباری سرگرمیوں آگے کی طرف بڑھے اور خرچہ جات کی وصولی کے ذریعے اپنی مالیاتی حیثیت کو بہتر کرے گا۔

نئے NBFIs کے قوت جو کہ ریگولیشن سے متاثر شدہ ہیں اور ان نئے روٹ کے قوت یا ادارہ MCR کی شرائط کو پورا کرتا ہے۔

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

بورڈ آف ڈائریکٹرز کی طرف سے

تعمیر میں۔

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)
AS AT SEPTEMBER 30, 2016

	<i>Note</i>	<i>Unaudited SEPTEMBER 30, 2016 Rupees</i>	<i>Audited JUNE 30, 2016 Rupees</i>
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	1,257,600	1,445,909
Intangible Asset		1,058,432	1,083,628
Investment properties		89,848,960	89,848,960
Net investment in lease finance	7	-	-
Long-term investments	8	174,360,744	174,360,744
Long-term finances	9	-	-
Long-term deposits		4,139,822	4,139,822
Deferred tax asset	10	679,698,000	679,698,000
		950,363,558	950,577,063
CURRENT ASSETS			
Current portion of non-current assets	11	218,619,431	227,207,474
Short-term investments	12	78,675,100	85,518,562
Placements and finances	13	13,915,413	13,915,413
Loans , advances and prepayments		29,375,180	33,236,351
Mark-up accrued		-	-
Assets classified as held for sale	14	27,103,000	27,103,000
Other receivables		-	-
Cash and bank balances		27,864,153	6,101,941
		395,552,277	393,082,741
		<u>1,345,915,835</u>	<u>1,343,659,804</u>
EQUITY AND LIABILITIES			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		435,100,336	435,100,336
Accumulated loss		(1,231,346,835)	(1,233,406,419)
		687,653,731	685,594,147
Deficit on revaluation of investments		(9,531,115)	(9,531,115)
		678,122,616	676,063,032
NON CURRENT LIABILITIES			
Long-term loans	15	-	-
Long term deposits		-	-
CURRENT LIABILITIES			
Current portion of long-term liabilities	16	493,510,443	493,510,443
Mark-up accrued		101,007,581	95,520,993
Short term borrowings	16.2	59,029,519	61,625,243
Accrued and other liabilities		11,126,283	13,933,594
Taxation		3,119,393	3,006,499
		667,793,219	667,596,772
CONTINGENCIES AND COMMITMENTS			
	17	-	-
		<u>1,345,915,835</u>	<u>1,343,659,804</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 PERIOD ENDED SEPTEMBER 30, 2016

		<u>Quarter Ended</u> <u>SEPTEMBER 30,</u> <u>2016</u>	<u>Quarter Ended</u> <u>SEPTEMBER 30,</u> <u>2015</u>
	<i>Note</i>	<i><-----Rupees-----></i>	
INCOME			
Lease income		5,142	14,395
Return on deposits and investments		10,133,642	1,263,774
Gain on sale of securities		1,569,894	505,965
Income from long-term finances		27,272	52,272
Other income		2,507,100	519,650
		14,243,050	2,356,056
PROVISION / CHANGES IN FAIR VALUE			
(Provision) / reversal for lease losses and doubtful recoveries	17	200,000	100,000
Deficit / Surplus on remeasurement of held for trading securities		2,438,443	(1,709,958)
Liability no Longer Payable		-	77,214,747
		2,638,443	75,604,789
		16,881,493	77,960,845
EXPENDITURES			
Administrative expenses		(9,221,876)	(9,829,875)
Finance cost		(5,487,139)	(7,708,873)
		(14,709,015)	(17,538,748)
(LOSS) / PROFIT BEFORE TAXATION		2,172,478	60,422,097
TAXATION			
Current		(112,894)	(10,309,888)
PROFIT/ (LOSS) AFTER TAXATION		2,059,584	60,422,097
Earning per share - basic		0.01	0.34
Earning per share - diluted		0.01	0.34

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DIRECTOR

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	2016	2015
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	2,172,478	60,422,097
Adjustments:		
Depreciation	184,159	255,813
Gain on sale of investments	(1,569,894)	(505,965)
Amortization	25,196	25,197
Finance cost	5,487,139	7,708,873
Gain / Loss on sale of property and equipment	-	(573,117)
Provision / (reversal of provision potential lease	(200,000)	(100,000)
Deficit / Surplus on remeasurement of held for trading securities	(2,438,443)	1,709,958
Gain / Loss on restructuring / settlement of Liabilities	-	(77,214,747)
Other income	(2,507,100)	(519,650)
	<u>(1,018,943)</u>	<u>(69,213,638)</u>
	1,153,535	(8,791,541)
Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	2,360,680	2,482,936
Long-term finances	17,471,871	1,143,856
Placements and finances	-	3,454,544
Advances and prepayments	3,861,171	5,295,678
Mark up accrued	-	(81,105)
	<u>23,693,722</u>	<u>12,295,909</u>
	24,847,257	3,504,368
<i>Increase / (decrease) in operating liabilities</i>		
Short term borrowings	(2,595,724)	-
Accrued and other liabilities	(2,807,311)	(13,622,810)
	<u>(5,403,035)</u>	<u>(13,622,810)</u>
Tax paid	(386,047)	(396,485)
Net cash (used)/generated from operating activities	<u>19,058,175</u>	<u>(10,514,927)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(3,135,991)
Proceed from sale of property and equipment	41,500	842,000
Short-term investments	5,258,261	(23,928,400)
Net cash (used)/generated from investing activities	<u>5,299,761</u>	<u>(26,222,391)</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	(2,595,724)	-
Net cash (used in) from financing activities	<u>(2,595,724)</u>	<u>-</u>
Net increase / (decrease) in cash and cash equivalents	21,762,212	(36,737,318)
Cash and cash equivalents at beginning of the period	6,101,941	49,162,028
Cash and cash equivalents at end of the period	<u>27,864,153</u>	<u>12,424,710</u>

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 PERIOD ENDED SEPTEMBER 30, 2016

	<u>Quarter Ended September 30, 2016</u>	<u>Quarter Ended September 30, 2015</u>
	<----- Rupees ----->	
(Loss) / profit after taxation	2,059,584	50,112,209
Other comprehensive income		
Unrealised gain / (Deficit) on remeasurement of investments classified as available-for-sale	2,438,443	(6,274,094)
	2,438,443	(6,274,094)
Total comprehensive (loss) / income for the period	4,498,027	43,838,115

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DIRECTOR

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	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, 2015	1,483,900,230	-	279,023,134	53,426,910	2,596,484	(3,297,659)	(1,633,621,650)	182,027,449
Total comprehensive income for the period	-	-	-	-	-	-	-	-
- Profit for the period	-	-	-	-	-	-	50,112,209	50,112,209
- Other comprehensive income	-	-	-	-	-	(2,976,435)	-	(2,976,435)
Transfer to Statutory Reserve	-	-	5,011,221	-	-	-	(5,011,221)	-
Balance as at September 30, 2015	1,483,900,230	-	284,034,355	53,426,910	2,596,484	(6,274,094)	(1,588,520,662)	229,163,223
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	-	-	-	-	-	-	2,059,584	2,059,584
- Other comprehensive income	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Balance as at September 30, 2016	1,483,900,230	-	379,076,942	53,426,910	2,596,484	(9,531,115)	(1,231,346,835)	678,122,616

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 PERIOD ENDED SEPTEMBER 30, 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 September 30, 2016 amounted to Rs. 9.40 billion (June 30, 2016: Rs. 9.40 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, 2016.
- 2.3** This condensed interim financial information is presented in Pakistan Rupees which is also the Company's functional currency.
- 2.4** This condensed interim financial information is un-audited and is being submitted to the shareholders as required by listing regulations of 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, 2016. "
- 3.2** Amendments to certain existing standards and interpretations on approved accounting standards effective during the period were not relevant to the Company's operations and did not have any impact on the accounting policies of the Company and therefore not stated in this condensed interim financial information.

4. FINANCIAL RISK MANAGEMENT

The financial risk management objectives and policies adopted by the Company are consistent with those disclosed in the financial statements of the Company for the year ended June 30, 2016.

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, 2016.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
6. PROPERTY, EQUIPMENT AND INTANGIBLE			
Furniture & fixtures		72,867	77,147
Equipment and appliances		102,390	126,838
Vehicles		1,082,343	1,241,924
Intangible asset		1,058,432	1,083,628
6.1 Acquisition of assets - at cost		<u>2,316,032</u>	<u>2,529,537</u>
<i>Equipment and appliances</i>		-	92,000
<i>Vehicles</i>		-	34,000
		<u>-</u>	<u>126,000</u>
6.2 Disposal of assets - at cost			
Equipment and appliances		41,500	1,763,000
Vehicles		41,500	1,889,000
		<u>41,500</u>	<u>1,889,000</u>
7. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	7.1	515,659,812	518,020,492
Provision for potential lease losses		(397,330,918)	(397,330,918)
Current portion		(118,328,894)	(120,689,574)
		<u>-</u>	<u>-</u>
7.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		571,719,530	574,085,350
Residual value of leased assets		61,186,780	61,186,782
		<u>632,906,310</u>	<u>635,272,132</u>
Unearned finance income		(2,909)	(8,051)
Markup held in Suspense		(117,243,589)	(117,243,589)
Net investment in lease finance		<u>515,659,812</u>	<u>518,020,492</u>
7.1.1 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (June 30, 2016: 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.			
7.2 Provision for potential lease losses			
Opening balance		397,330,918	410,238,033
(Reversal) / charge for the period - net		-	(75,292)
Written off during the period		-	(12,831,823)
Closing balance		<u>397,330,918</u>	<u>397,330,918</u>
7.3 Current portion of lease finance			
Maturing within one year		515,659,812	518,020,492
Provision for potential lease losses		(397,330,918)	(397,330,918)
		<u>118,328,894</u>	<u>120,689,574</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	Note	September 30, 2016 Rupees	June 30, 2016 Rupees
8. LONG TERM INVESTMENTS			
Investment in associates	8.1	174,076,054	179,658,222
Saving Certificates		284,690	7,819,363
		<u>174,360,744</u>	<u>187,477,585</u>
8.1 Investment in associates			
Opening balance		174,076,054	179,658,222
Increase in interest of associates		-	-
Share of (loss) / gain		-	(699,999)
Share of surplus on revaluation of investments		-	(4,882,169)
Transfer from available-for-sale investment		-	-
		<u>174,076,054</u>	<u>174,076,054</u>
9. LONG-TERM FINANCES			
Term finance facilities		258,933,820	276,405,691
Provision for doubtful finances		(158,643,283)	(169,482,095)
		100,290,537	106,923,596
Current portion	11	<u>(100,290,537)</u>	<u>(106,923,596)</u>
		-	-
9.1 Particulars of provision for doubtful finances			
Opening balance		158,643,283	169,482,095
(Reversal) / charge for the period - net		-	4,291,041
Provision during the period		-	(15,129,853)
Closing balance		<u>158,643,283</u>	<u>158,643,283</u>
10. DEFERRED TAX ASSET			
Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been approved by the Board of Directors. The said plan involves certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The determination of future taxable profit is directly related and sensitive to certain key assumptions such as recoveries of outstanding lease and long term finances, resumption of licenses, expected return on investments and bank balances etc. Any change in the key assumptions may have an effect on the realizability of the deferred tax asset. The Board and management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and deferred tax will be realised in the future.			
11. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	7	118,328,894	120,689,574
Long-term finances		100,290,537	106,517,900
Long-term loans		-	-
		<u>218,619,431</u>	<u>227,207,474</u>
12. SHORT TERM INVESTMENTS			
Held-for-trading			
Listed ordinary shares		44,787,285	42,611,572
Available-for-sale			
Term finance certificates / sukuk bonds		19,085,444	30,303,751
Unquoted securities		12,980,907	12,980,907
		<u>32,066,351</u>	<u>43,284,658</u>
Less: provision for impairment in preference shares		(377,668)	(377,668)
		<u>78,675,100</u>	<u>85,518,562</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

		September 30, 2016 Rupees	June 30, 2016 Rupees
13. PLACEMENTS AND FINANCES			
Placement and finance- unsecured		6,000,000	6,000,000
Provision for doubtful finances		-	-
		6,000,000	6,000,000
Financing against shares		155,823,260	155,823,260
Provision for doubtful finances		(155,823,260)	(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		87,624,717	87,624,717
Provision for doubtful finances		(79,709,304)	(79,709,304)
		7,915,413	7,915,413
		13,915,413	13,915,413
14. ASSETS ACQUIRED IN SATISFACTION OF CLAIMS			
These represents two properties (repossessed assets) having values of Rs. 25.10 million and Rs. 2.0 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.			
15. LONG TERM LOANS		September 30, 2016 Rupees	June 30, 2016 Rupees
Secured			
Asian Development Bank		-	-
Commercial Banks	16	432,573,673	432,573,673
		432,573,673	432,573,673
Current portion		(432,573,673)	(432,573,673)
		-	-
16. CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	15	432,573,673	432,573,673
Lease deposits		60,936,770	60,936,770
		493,510,443	493,510,443
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		534,851	2,139,404
Development Financial Institution		58,494,668	59,485,839
		59,029,519	61,625,243
17. CONTINGENCIES AND COMMITMENTS			
17.1 Contingent liabilities			
Letters of comfort / guarantee		1,088,000,000	1,098,000,000

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2016

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: -

	<i>September 30, 2016</i>		<i>June 30, 2016</i>	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
Investment in associate				
Balance at beginning of the period / year	-	174,076,054	-	179,658,222
Share of Loss from Associate	-	-	-	(699,999)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
	-	-	-	(4,882,169)
Balance at end of the period / year	-	174,076,054	-	174,076,054
Long term finances / loans				
Short term Loan	-	6,493,419	-	9,080,000
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	18,707,776	-	29,926,083
Disposal of Fixed Asset Cost	-	-	-	-
	-	25,201,195	-	39,006,083

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2016

	September 30, 2016		June 30, 2016	
	Key management personnel	Associates/related parties	Key management personnel	Associates/related parties
Charge to profit and loss account				
Common expenses paid	-	-	-	580,025
Share of (loss) / profit from associate	-	-	-	(699,999)
Share of common expenses received	-	-	-	-
Service charges on staff loan	-	-	-	-
Rental income	-	1,319,940	-	1,086,000
Rental expense	-	204,600	-	818,400
Takaful expense	-	15,702	-	68,420
	-	1,540,242	-	1,852,846

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 27, 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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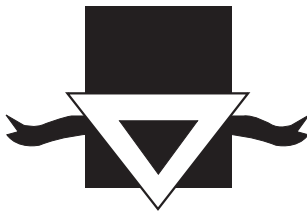
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