

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

First Quarter Report
30 September 2017



FIRST DAWOOD INVESTMENT BANK LIMITED

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CORPORATE INFORMATION

Board of Directors	Mr. Asad Hussain Bokhari	Chairman
	Mr. Rafique Dawood	Director & CEO (Not assumed charge as CEO) (Nominee B.R.R. Investments (Pvt) Ltd.)
	Mr. Abu Khursheed M. Ariff	Director
	Mr. Khurshid A. Khair	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	
Legal Advisor	Nishtar & Zafar	
Legal counsels	A.Q. Abbasi & Associates Ansari AG Legal Kabiraji & Talibuddin Khalil Asif Ejaz & Co. 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 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 September 30, 2017.

Your company during the first quarter of the financial year 2017-18, has reported after-tax profit of Rs.1.69 million as compared to profit of Rs.2.06 million during corresponding period last year. Despite high inflationary trend, the management has kept a tight cost control, the administrative expenses significantly decreased from Rs.9.22 million to Rs.8.82 million and finance cost also decreased from Rs. 5.49 million to Rs. 0.0 million for the period under review in comparison to the corresponding period last year. The profit per share as of September 30, 2017 is 0.01.

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

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

October 30, 2017
Karachi.

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

Asad Hussain Bokhari
Chairman

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 30 ستمبر 2017ء کی پہلی سرمایہ غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔ ادارے نے پہلی سرمایہ 30 ستمبر 2017ء کے مالیاتی گوشوارے منافع بعد ٹیکس 1.69 ملین روپے اور پچھلے مالیاتی سال کے پہلی سرمایہ کا منافع 2.06 ملین روپے تھا۔ حالانکہ بینکاری کے رجحان کے باوجود ادارے نے اخراجات کو کنٹرول کیا ہے۔ اسی مد میں انتظامی اخراجات میں بھی کمی ہوئی ہے جو 9.22 ملین روپے سے 8.82 ملین روپے ہے اور سود کی رقم میں بھی کمی ہوئی ہے جو 5.49 ملین روپے سے 0.0 ملین روپے ہے۔ بینک مسلسل اسی جہد و جد میں ہے کہ اخراجات کو قابو میں رکھے۔ کمپنی اپنے اخراجات نان پرفارمنگ قرضہ جات کی واپسی کے ذریعے کر رہی ہے۔ اور اسی پر توجہ مرکوز ہے۔ ہمارا خاصا اثاثہ جات اور قانونی محکمے مسلسل اسی کوشش میں ہیں کہ وصولیاتی کے ذریعے نان پرفارمنگ قرضہ جات کے مد میں خاطر خواہ کمی کی جاسکے کہ ایک ریزرو کی بڑی کمی کی حیثیت رکھتی ہے اور اس ادارے کے لئے:

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

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

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

October 30, 2017
Karachi.

بورڈ آف ڈائریکٹرز کی طرف سے

محمد عیسیٰ

CONDENSED INTERIM BALANCE SHEET (UNAUDITED)

AS AT SEPTEMBER 30, 2017

	Note	Unaudited SEPTEMBER 30, 2017 Rupees	Audited JUNE 30, 2017 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	575,441	730,135
Intangible Asset		958,108	983,578
Investment properties		27,070,000	27,070,000
Net investment in lease finance	7	-	-
Long-term investments	8	203,180,826	203,180,826
Long-term finances	9	-	-
Long-term deposits		4,139,822	4,139,822
Deferred tax asset	10	381,210,328	381,210,328
		617,134,525	617,314,689
CURRENT ASSETS			
Current portion of non-current assets	11	177,483,824	171,976,537
Short-term investments	12	75,516,460	79,246,555
Placements and finances	13	41,545,992	42,025,413
Loans , advances and prepayments		34,644,173	44,511,706
Mark-up accrued		63,200	152,869
Assets classified as held for sale	14	93,295,960	93,295,960
Other receivables		6,000,000	6,000,000
Cash and bank balances		14,136,704	4,084,279
		442,686,313	441,293,319
		<u>1,059,820,838</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		(1,516,359,576)	(1,518,045,423)
		402,640,990	400,955,143
Surplus / (Deficit) on revaluation of investments		8,497,989	8,497,989
		411,138,979	409,453,132
NON CURRENT LIABILITIES			
Long-term loans	15	125,740,000	125,740,000
Long term deposits	16	-	-
		125,740,000	125,740,000
CURRENT LIABILITIES			
Current portion of long-term liabilities	16	361,991,536	361,991,536
Mark-up accrued		95,520,993	95,520,993
Short term borrowings	16.2	56,266,346	56,266,346
Accrued and other liabilities		8,103,224	8,756,384
Taxation		1,059,760	879,617
		522,941,859	523,414,876
CONTINGENCIES AND COMMITMENTS			
	17	-	-
		<u>1,059,820,838</u>	<u>1,058,608,008</u>

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

Chief Financial Officer

DIRECTOR

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	<i>Quarter Ended</i> SEPTEMBER 30, 2017	<i>Quarter Ended</i> SEPTEMBER 30, 2016
Note	< -----Rupees----- >	
INCOME		
Lease income	370,500	5,142
Return on deposits and investments	1,335,241	10,133,642
Gain on sale of securities	455,156	1,569,894
Income from long-term finances	23,296	27,272
Other income	4,250	2,507,100
	<u>2,188,443</u>	<u>14,243,050</u>
PROVISION / CHANGES IN FAIR VALUE		
(Provision) / reversal for lease losses and doubtful recoveries	17 8,725,182	200,000
Share of profit / (loss) from associates	-	-
Deficit / Surplus on remeasurement of held for trading securities	(231,112)	2,438,443
	<u>8,494,070</u>	<u>2,638,443</u>
	<u>10,682,513</u>	<u>16,881,493</u>
EXPENDITURES		
Administrative expenses	(8,816,523)	(9,221,876)
Finance cost	-	(5,487,139)
	<u>(8,816,523)</u>	<u>(14,709,015)</u>
(LOSS) / PROFIT BEFORE TAXATION	<u>1,865,990</u>	<u>2,172,478</u>
TAXATION		
Current	(180,143)	(112,894)
PROFIT/ (LOSS) AFTER TAXATION	<u>1,685,847</u>	<u>2,059,584</u>
Earning per share - basic	<u>0.01</u>	<u>0.01</u>
Earning per share - diluted	<u>0.01</u>	<u>0.01</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

Chief Financial Officer

DIRECTOR

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	2017	2016
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	1,865,990	2,172,478
Adjustments:		
Depreciation	163,193	184,159
Gain on sale of investments	(455,156)	(1,569,894)
Amortization	25,470	25,196
Finance cost	-	5,487,139
Gain / Loss on sale of property and equipment	-	-
Provision / (reversal of provision potential lease	(8,725,182)	(200,000)
Deficit / Surplus on remeasurement of held for trading securities	231,112	(2,438,443)
Other income	(4,250)	(2,507,100)
	<u>(8,764,813)</u>	<u>(1,018,943)</u>
	(6,898,823)	1,153,535
Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	3,078,242	2,360,680
Long-term finances	124,653	17,471,871
Placements and finances	3,030,000	-
Advances and prepayments	7,504,317	3,861,171
Mark up accrued	89,669	-
	<u>13,826,881</u>	<u>23,693,722</u>
	6,928,058	24,847,257
<i>Increase / (decrease) in operating liabilities</i>		
Short term borrowings	-	(2,595,724)
Accrued and other liabilities	(653,160)	(2,807,311)
	<u>(653,160)</u>	<u>(5,403,035)</u>
Tax paid	(183,700)	(386,047)
Net cash (used)/generated from operating activities	<u>6,091,198</u>	<u>19,058,175</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	-
Proceed from sale of property and equipment	-	41,500
Long-term investments	-	-
Long-term deposits	-	-
Short-term investments	3,961,207	5,258,261
Net cash (used)/generated from investing activities	<u>3,961,207</u>	<u>5,299,761</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	-	(2,595,724)
Net cash (used in) from financing activities	<u>-</u>	<u>(2,595,724)</u>
Net increase / (decrease) in cash and cash equivalents	10,052,405	21,762,212
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>14,136,704</u>	<u>27,864,153</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

Chief Financial Officer

DIRECTOR

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	<u>Quarter Ended</u> <u>September 30,</u> <u>2017</u>	<u>Quarter Ended</u> <u>September 30,</u> <u>2016</u>
	<-----Rupees----->	
(Loss) / profit after taxation	1,685,847	2,059,584
Other comprehensive income		
Unrealised gain / (Deficit) on remeasurement of investments classified as available-for-sale	(231,112)	2,438,443
Share of associates' on reversal of unrealised loss on remeasurement of investments	-	-
	(231,112)	2,438,443
Total comprehensive (loss) / income for the period	1,454,735	4,498,027

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

Chief Financial Officer

DIRECTOR

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	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	-	-	-	-	-	-	(284,639,004)	-
- 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	-	-	-	-	-	-	1,685,847	1,685,847
- Other comprehensive income	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Balance as at September 30, 2017	1,483,900,230	-	379,076,942	53,426,910	2,596,484	8,497,989	(1,516,359,576)	411,138,979

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

Chief Financial Officer

DIRECTOR

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

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 September 30, 2017 amounted to Rs. 9.10 billion (June 30, 2017: Rs. 9.40 billion).
- 1.3** The Board has appointed Mr. Rafique Dawood as Chief Executive Officer. However, application for approval of Chief Executive Officer is pending with SECP, therefore, Mr. Rafique Dawood not assumed charge as CEO, 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 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 Karachi and Islamabad Stock Exchanges 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.

	September 30, 2017	June 30, 2017
	Rupees	Rupees
6. PROPERTY, EQUIPMENT AND INTANGIBLE		
Furniture & fixtures	55,743	60,024
Equipment and appliances	61,990	58,087
Vehicles	457,708	612,024
Intangible asset	958,108	983,578
6.1 Acquisition of assets - at cost	1,533,549	1,713,713
<i>Equipment and appliances</i>	-	-
<i>Vehicles</i>	-	-
6.2 Disposal of assets - at cost		
Equipment and appliances	-	41,500
Vehicles	-	41,500

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

	<i>Note</i>	<i>September 30, 2017 Rupees</i>	<i>June 30, 2017 Rupees</i>
7. NET INVESTMENT IN LEASE FINANCE			
Net investment in lease finance	7.1	510,141,940	513,220,182
Provision for potential lease losses		(410,058,194)	(418,783,376)
Current portion		(100,083,746)	(94,436,806)
		<u>-</u>	<u>-</u>
7.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		561,490,132	564,938,874
Residual value of leased assets		61,167,875	61,167,875
		<u>622,658,007</u>	<u>626,106,749</u>
Unearned finance income		-	-
Markup held in Suspense		(112,516,067)	(112,886,567)
Net investment in lease finance		<u>510,141,940</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% (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.			
		<i>September 30, 2017 Rupees</i>	<i>June 30, 2017 Rupees</i>
7.2 Provision for potential lease losses	<i>Note</i>		
Opening balance		418,783,376	397,330,918
(Reversal) / charge for the period - net		(8,725,182)	21,452,458
Written off during the period		-	-
Closing balance		<u>410,058,194</u>	<u>418,783,376</u>
7.3 Current portion of lease finance			
Maturing within one year		510,141,940	513,220,182
Provision for potential lease losses		(410,058,194)	(418,783,376)
		<u>100,083,746</u>	<u>94,436,806</u>
8. LONG TERM INVESTMENTS			
Investment in associates	8.1	202,865,262	202,865,262
Saving Certificates		315,564	315,564
		<u>203,180,826</u>	<u>203,180,826</u>
8.1 Investment in associates			
Opening balance		202,865,262	174,076,054
Increase in interest of associates		-	-
Share of (loss) / gain		-	15,859,151
Share of surplus on revaluation of investments		-	12,930,057
Transfer from available-for-sale investment		-	-
		<u>202,865,262</u>	<u>202,865,262</u>
9. LONG-TERM FINANCES			
Term finance facilities		254,909,689	255,034,342
Provision for doubtful finances		(177,494,611)	(177,494,611)
		77,415,078	77,539,731
Current portion	11	(77,415,078)	(77,539,731)
		<u>-</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

		September 30, 2017 Rupees	June 30, 2017 Rupees
9.1 Particulars of provision for doubtful finances			
Opening balance		177,494,611	158,643,283
(Reversal) / charge for the period - net		-	46,712,828
Provision during the period		-	(27,861,500)
Closing balance		<u>177,494,611</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 will be realised in the future.			
		September 30, 2017 Rupees	June 30, 2017 Rupees
11. CURRENT PORTION OF NON-CURRENT ASSETS	Notes		
Net investment in lease finance	7	100,068,746	94,436,806
Long-term finances		77,415,078	77,539,731
Long-term loans		-	-
		<u>177,483,824</u>	<u>171,976,537</u>
12. SHORT TERM INVESTMENTS			
Held-for-trading			
Listed ordinary shares		45,157,110	46,590,781
Available-for-sale			
Term finance certificates / sukuk bonds		10,171,806	12,468,230
Unquoted securities		20,565,212	20,565,212
		<u>30,737,018</u>	<u>33,033,442</u>
Less: provision for impairment in preference shares		(377,668)	(377,668)
		<u>75,516,460</u>	<u>79,246,555</u>
13. PLACEMENTS AND FINANCES			
Placement and finance- unsecured		3,000,000	6,000,000
Provision for doubtful finances		-	-
		3,000,000	6,000,000
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)

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

		September 30, 2017 Rupees	June 30, 2017 Rupees
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finances		(5,000,000)	(5,000,000)
Morabaha / musharika finances		87,584,717	87,614,717
Provision for doubtful finances		(49,038,725)	(48,589,304)
		<u>38,545,992</u>	<u>39,025,413</u>
		<u>41,545,992</u>	<u>45,025,413</u>
14. ASSETS ACQUIRED IN SATISFACTION OF CLAIMS			
This represents a property (repossessed asset) having values of Rs. 27.07 million 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.			
		September 30, 2017 Rupees	June 30, 2017 Rupees
15. LONG TERM LOANS	Note		
Secured			
Commercial Banks	16	426,813,673	426,813,673
		426,813,673	426,813,673
Current portion		<u>(301,073,673)</u>	<u>(301,073,673)</u>
		<u>125,740,000</u>	<u>125,740,000</u>
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
		<u>361,991,538</u>	<u>361,991,538</u>
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
		<u>56,266,346</u>	<u>56,266,346</u>
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, 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:

- 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.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED SEPTEMBER 30, 2017

- 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: -

	September 30, 2017		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	-	-	-	15,859,151
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
	-	-	-	12,930,057
Balance at end of the period / year	-	202,865,262	-	202,865,262

Long term finances / loans

Short term Loan	-	-	-	-
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	9,794,138	-	12,468,230
Disposal of Fixed Asset Cost	-	-	-	-
	-	9,794,138	-	12,468,230

	September 30, 2017		June 30, 2017	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
Charge to profit and loss account				
Common expenses paid	-	-	-	204,788
Share of (loss) / profit from associate	-	-	-	15,859,151
Share of common expenses received	-	-	-	-
Service charges on staff loan	-	-	-	-
Rental income	-	-	-	1,086,000
Rental expense	-	204,600	-	818,400
Takaful expense	-	54,195	-	68,813
	-	258,795	-	18,037,152

19. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on October 30, 2017 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

Chief Financial Officer

DIRECTOR

BOOK POST

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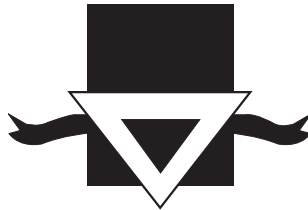
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