

**FIRST DAWOOD INVESTMENT
BANK LIMITED**

Quarter Report
31 March 2021



FIRST DAWOOD INVESTMENT BANK LIMITED

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CORPORATE INFORMATION

Board of Directors	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
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	J.A.S.B. & Associates Chartered Accountants	
Head of Internal Audit	Mr. Sohail Ahmed	
Legal Advisor	Nishtar & Zafar	
Legal counsels	A.Q. Abbasi & Associates Ansari AG Legal Kabrajji & Talibuddin Khalil Asif Ejaz & Co. Malik and Malik Law Associates Abid S. Zubari & Co. Raza Khalil Abbasi	
Bankers	Al-Baraka Islamic Bank Ltd. Bank Al-Habib Ltd. Habib Metropolitan Bank Ltd. MCB Bank Ltd.	
Registered Office Head Office	19 th 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	
Share Registrar	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, 2021.

Board Composition and Remuneration

1. The total number of directors are 7 as per the following:
 - a. Male: 06
 - b. Female: 01
2. The composition of the board is as follows:

Category	Names
Independent Director	Mr. Khurshid Abul Khair Mr. Abu Khursheed Muhammad Ariff Mr. Asad Hussain Bokhari
Chief Executive Officer	Mr. Rafique Dawood
Non-Executive Directors	Mr. Christopher John Aitken Andrew Mr. Syed Iqbal Hussain Rizvi Mrs. Farhat Ali

Composition of the Board of Directors and Board sub-committees is disclosed in the corporate information section of the report.

Non-Executive Directors are paid a reasonable and appropriate remuneration for attending the Board and/or its committees' meetings. This remuneration is not at a level that could be perceived to compromise independence. No fee is paid to the directors who do not attend a meeting. Similarly, fee is not paid for the proposals considered through circulation.

Financial Performance

Your company during the third quarter of the financial year 2020-21 has reported after-tax profit of Rs.4.977 million as compared to Rs. 4.557 million during corresponding period last year. The profit in current year is due to unrealised gain on shares of associates and significant recovery against non performing loan (NPL) which lead to reversal of provision. However, the net worth of your company has increased from Rs. 475.173 million to Rs. 508.365 million. The earning per share is 0.034 for the period under review.

Acknowledgement

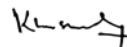
On behalf of First Dawood Investment Bank Ltd., we would like to express our gratitude to the worthy shareholders of the Bank for their support, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and motivation. We would especially like to recognize hard work and dedication of our employees who in these testing times have performed their duties with utmost commitment and look forward to their continued support.

We wish and pray for health and safety of mankind against this pandemic.

For and on behalf of the Board of Directors.



Chief Executive Officer



Director

April 13, 2021
Karachi.

ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 31 مارچ 2021ء کی دوسری سہ ماہی غیر آڈٹ شدہ مالیاتی گوشوارے کے ساتھ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں۔

بورڈ کی بناوٹ اور مشاہرہ

کل ڈائریکٹرز کی تعداد 7 ہے جو مندرجہ ذیل ہیں:

مرد: 06

خاتون: 01

Category	Names
Independent Director	Mr. Khurshid Abul Khair Mr. Abu Khursheed Muhammad Ariff Mr. Asad Hussain Bokhari
Chief Executive Officer	Mr. Rafique Dawood
Non-Executive Directors	Mr. Christopher John Aitken Andrew Mr. Syed Iqbal Hussain Rizvi Mrs. Farhat Ali

مالیاتی کارکردگی:

ادارے نے دوسری سہ ماہی 31 مارچ 2021ء کے مالیاتی گوشوارے منافع قبل از ٹیکس 4.977 بلین روپے اور پچھلے مالیاتی سال کے دوسری سہ ماہی کا منافع 4.557 بلین روپے منافع میں ہے۔ آپ کی کمپنی کی مالیت میں اضافہ 475.173 بلین سے 508.365 بلین ہو گئی 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 آمدنی فی حصص 0.034 ہے پچھلے سال کے مقابلے میں کمپنی اپنے اخراجات نان پر فارمنگ 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۔

خدمات کا اعتراف:

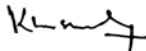
فرسٹ داؤد انویسٹمنٹ بینک کی طرف سے ہم شکر گزار ہیں اپنے بینک کے شراکت دار، اسٹیٹ بینک آف پاکستان، ایس ای سی پی اور دوسری ریگولیٹری اداروں کی طرف سے رہنمائی اور حوصلہ افزائی کا۔


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۔

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۔

بورڈ آف ڈائریکٹرز کی طرف سے

تاریخ: 13 اپریل 2021ء
کراچی



ڈائریکٹر


چیف ایگزیکٹو آفیسر

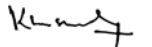
CONDENSED INTERIM FINANCIAL POSITION

AS AT MARCH 31, 2021

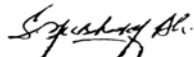
	Note	Unaudited MARCH 31, 2021 Rupees	Audited JUNE 30, 2020 Rupees
ASSETS			
NON CURRENT ASSETS			
Property and equipment	6	4,974,837	2,720,678
Intangible Asset		-	683,428
Right of Use Assets		174,495	222,085
Investment properties		62,887,000	62,887,000
Net investment in lease finance	7	10,442,605	10,442,605
Long-term investments	8	209,485,432	163,279,225
Long-term finances	9	-	-
Deferred tax asset	10	290,297,438	314,856,617
		578,261,807	555,091,638
CURRENT ASSETS			
Current portion of non-current assets	11	171,959,111	236,249,900
Short-term investments	12	54,373,889	50,629,084
Available for Sale investment held with Nazir SHC	8.2	51,810,490	50,562,173
Placements and finances	13	39,025,413	39,025,413
Loans , advances and prepayments		2,116,976	2,159,080
Mark-up accrued		40,787	57,158
Other receivables		5,439,181	6,929,128
Cash and bank balances		2,122,238	1,039,883
		326,888,085	386,651,819
		905,149,892	941,743,457
EQUITY AND LIABILITIES			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		455,841,607	455,841,607
Accumulated loss		(1,465,964,149)	(1,470,941,138)
		473,777,688	468,800,699
Surplus / (Deficit) on revaluation of investments		34,587,490	6,372,708
		508,365,178	475,173,407
NON CURRENT LIABILITIES			
Long-term loans	14	53,694,279	61,025,379
Lease Liabilities		93,119	143,462
Long term deposits	15	-	10,000,000
		53,787,398	71,168,841
CURRENT LIABILITIES			
Current portion of long-term liabilities	15	252,210,493	303,061,078
Mark-up accrued		25,756,644	25,756,644
Short term borrowings	15.2	50,266,346	50,266,346
Accrued and other liabilities		7,344,455	8,977,233
Taxation		7,419,378	7,339,908
		342,997,316	395,401,209
CONTINGENCIES AND COMMITMENTS			
	16		
		905,149,892	941,743,457



Chief Executive



Director

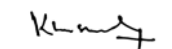


Chief Financial Officer

CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	Nine Months Ended March 31,		Quarter Ended March 31,	
	2021	2020	2021	2020
Note	<-----Rupees----->		<-----Rupees----->	
INCOME				
Lease income	712,154	131,000	642,154	131,000
Return on deposits and investments	3,668,531	3,252,656	1,222,893	17,240
Gain on sale of securities	1,736,615	304,212	1,267,512	-
Income from long-term finances	1,332,472	72,265	1,332,472	35,200
Other income	644,380	257,597	192,500	41,397
	8,094,152	4,017,730	4,657,531	224,836
PROVISION / CHANGES IN FAIR VALUE				
(Provision) / reversal for lease losses and doubtful recoveries	16,167,055	13,155,732	4,232,055	6,120,000
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	-	-
	16,167,055	13,830,905	4,232,055	7,120,000
	24,261,207	17,848,635	8,889,586	7,344,836
EXPENDITURES				
Administrative expenses	(18,601,128)	(19,148,818)	(7,183,020)	(4,684,859)
Unwinding Discount	(3,885,828)	(4,529,587)	-	-
Finance cost	(849)	(1,897)	-	-
	(22,487,805)	(23,680,302)	(7,183,020)	(4,684,859)
Share of Profit from Associates	27,842,236	10,434,985	-	-
(LOSS) / PROFIT BEFORE TAXATION	29,615,638	4,603,318	1,706,567	2,659,977
TAXATION	(79,469)	(46,419)	(64,059)	-
Deferred Tax	(24,559,179)	-	-	-
Current Taxation	(24,638,648)	(46,419)	(64,059)	-
PROFIT/ (LOSS) AFTER TAXATION	4,976,990	4,556,899	1,642,508	2,659,977
Earning per share - basic	0.034	0.031	0.011	0.018
Earning per share - diluted	0.034	0.031	0.011	0.018


 Chief Executive


 Director

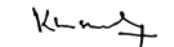

 Chief Financial Officer

CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	<i>Nine Months Ended</i> <i>March 31,</i>		<i>Quarter Ended</i> <i>March 31,</i>	
	<i>2021</i>	<i>2020</i>	<i>2021</i>	<i>2020</i>
	<----- Rupees ----->			
(Loss) / profit after taxation	4,976,990	4,556,899	3,080,068	2,659,977
Other comprehensive income				
Unrealized remeasurement gain/ (loss) on investment in associates	27,842,236	215,701	-	-
Unrealised gain/ (loss) on remeasurement of investment held with Nazir	372,546	1,471,274	-	-
	28,214,782	1,686,975	-	-
Total comprehensive (loss) / income for the period	33,191,771	6,243,874	3,080,068	2,659,977

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


 Chief Executive


 Director

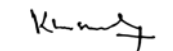

 Chief Financial Officer

CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	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, 2020	1,483,900,230	-	399,818,213	53,426,910	2,596,484	6,372,708	(1,470,941,138)	475,173,407
Total comprehensive income for the period	-	-	-	-	-	-	-	-
- Profit for the period	-	-	-	-	-	-	-	-
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remasurement of associates investment	-	-	-	-	-	28,214,782	-	28,214,782
- Surplus on revaluation of investment - At fair value through OCI	-	-	-	-	-	-	-	-
Reclassification of gain to profit and loss account	-	-	-	-	-	-	-	-
Deferred Tax-OCI	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Balance as at December 31, 2020	1,483,900,230	-	399,818,213	53,426,910	2,596,484	34,587,490	(1,470,941,138)	503,388,189
Balance at January 1, 2021	1,483,900,230	-	399,818,213	53,426,910	2,596,484	34,587,490	(1,470,941,138)	503,388,189
Total comprehensive income for the period	-	-	-	-	-	-	-	-
- Profit for the period	-	-	-	-	-	-	4,976,990	4,976,990
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remasurement of associates investment	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Reclassification of gain to profit and loss account	-	-	-	-	-	-	-	-
Deferred Tax-OCI	-	-	-	-	-	-	-	-
Balance as at March 31, 2021	1,483,900,230	-	399,818,213	53,426,910	2,596,484	34,587,490	(1,465,964,149)	508,365,178

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


 Chief Executive


 Director


 Chief Financial Officer

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	<i>Nine Months Ended March 31</i>	
	2021	2020
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	29,615,638	4,603,318
Adjustments:		
Depreciation	622,539	552,413
Finance Income	(1,332,472)	(72,265)
Lease Income	(712,154)	(131,000)
Gain on sale of investments	(1,736,615)	(177,280)
Share of Loss on Investment in Associates	(27,842,236)	(10,434,985)
Amortization	50,940	91,609
Finance cost	849	1,897
Gain on sale of Property and equipment	-	-
Gain / Loss on sale of property and equipment	-	-
Unwinding discount	3,885,828	4,529,587
Provision / (reversal of provision potential lease	(16,167,055)	(13,155,732)
Other income	(644,380)	(257,597)
	<u>(43,874,756)</u>	<u>(19,269,054)</u>
	(14,259,118)	(14,665,736)
 Changes in operating assets and liabilities		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	67,275,696	5,411,997
Long-term finances	5,977,148	1,516,866
Placements and finances	-	172,925
Advances and prepayments	42,104	(280,877)
Mark up accrued	16,371	(49,132)
	<u>73,311,319</u>	<u>6,771,779</u>
	59,052,201	(7,893,957)
 <i>Increase / (decrease) in operating liabilities</i>		
Amortization of interest free loan	-	14,246,332
Short Term Borrowings	-	-
Accrued and other liabilities	(1,632,778)	(1,167,364)
	<u>(1,632,778)</u>	<u>13,078,968</u>
Tax paid	79,469	(394,187)
Net cash (used)/generated from operating activities	<u>57,498,892</u>	<u>4,790,824</u>
 B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(2,254,159)	(2,669,133)
Long-term investments	(42,930,176)	(6,669,923)
Long-term deposits	-	-
Short-term investments	(2,032,202)	(49,775,648)
Net cash (used)/generated from investing activities	<u>(47,216,537)</u>	<u>(59,114,704)</u>

CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	<i>Nine Months Ended March 31</i>	
	<i>2021</i>	<i>2020</i>
	<i>Rupees</i>	<i>Rupees</i>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Short Term Borrowings	<u>(9,200,000)</u>	<u>(17,900,002)</u>
Net cash (used in) from financing activities	<u>(9,200,000)</u>	<u>(17,900,002)</u>
Net increase / (decrease) in cash and cash equivalents	1,082,355	(72,223,882)
Cash and cash equivalents at beginning of the period	1,039,883	74,342,978
Cash and cash equivalents at end of the period	<u><u>2,122,238</u></u>	<u><u>2,119,096</u></u>

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


 Chief Executive


 Director


 Chief Financial Officer

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021**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, 2021 amounted to Rs. 9.04 billion (June 30, 2020: 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, 2020.
- 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, 2020."
- 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, 2020.

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, 2020.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED MARCH 31, 2021

	Note	March 31, 2021 Rupees	June 30, 2020 Rupees
6. PROPERTY, EQUIPMENT AND INTANGIBLE			
Furniture & fixtures		-	9,016
Equipment and appliances		12,406	23,891
Vehicles		4,962,433	2,687,771
Intangible asset		-	683,248
		<u>4,974,839</u>	<u>3,403,926</u>
		-	-
7. NET INVESTMENT IN LEASE FINANCE			
		March 31, 2021 Rupees	June 30, 2020 Rupees
Net investment in lease finance	7.1	425,687,447	492,963,143
Provision for potential lease losses		(368,529,352)	(372,373,879)
		57,158,095	120,589,264
Current portion		(46,715,490)	(110,146,659)
		<u>10,442,605</u>	<u>10,442,605</u>
7.1 Particulars of net investment in lease finance			
Minimum lease payments receivable		532,974,898	539,938,204
Residual value of leased assets		250,012	61,167,875
		<u>533,224,910</u>	<u>601,106,079</u>
Unearned finance income		-	-
Markup held in Suspense		(107,537,463)	(108,142,936)
Net investment in lease finance		<u>425,687,447</u>	<u>492,963,143</u>
7.1.1 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (March 31, 2021): 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.			
		March 31, 2021 Rupees	June 30, 2020 Rupees
7.2 Provision for potential lease losses			
Opening balance		372,373,879	384,002,009
(Reversal) / charge for the period - net		(3,844,527)	(11,628,130)
Written off during the period		-	-
Closing balance		<u>368,529,352</u>	<u>372,373,879</u>
7.3 Current portion of lease finance			
Maturing within one year		425,687,447	492,963,143
Provision for potential lease losses		(368,529,352)	(372,373,879)
More Than One Year & Less Than Five Years		(10,442,605)	(10,442,605)
		<u>46,715,490</u>	<u>110,146,659</u>
8. LONG TERM INVESTMENTS			
Investment in associates	8.1	245,858,781	198,787,551
Saving Certificates		1,505,300	1,505,300
Investment transfer to Nazir		(37,013,626)	(37,013,626)
		<u>210,350,455</u>	<u>163,279,225</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	<i>Note</i>	<i>March 31, 2021 Rupees</i>	<i>June 30, 2020 Rupees</i>
8.1 Investment in associates			
Opening balance		161,773,925	144,265,841
Share of reversal of deficit on revaluation of investments recognised in other income		-	-
Share of (loss) / gain		27,831,496	12,410,639
Disposal of Investment		(8,602,500)	(2,349,874)
Less: Dawood Family Takaful Ltd. less than 20% (Not Associate)		(43,701,561)	
Less: transfer to investment held with Nazir		(865,025)	
Share of reversal of deficit on revaluation of investments at FVOCI recognised in other comprehensive income		-	
		<u>27,842,236</u>	<u>7,447,319</u>
		<u>164,278,571</u>	<u>161,773,925</u>
8.2 Investment held with Nazir SHC at FVOCI			
	2021	2020	
Number of Shares			
6,466,010	6,466,010	Dawood Family Takaful	37,013,626
1,477,823	1,477,823	Al Baraka Bank Pakistan	13,548,547
			<u>50,562,173</u>
Remeasurement gain/ (loss) on investment of ABPL			372,546
			2,039,963
Share of gain/(loss) on investment of DFTL			865,025
			<u>4,057,815</u>
			<u>51,799,744</u>
			<u>50,562,173</u>
9. LONG-TERM FINANCES			
Term finance facilities		246,552,293	252,529,441
Provision for doubtful finances		(121,308,672)	(126,426,200)
		125,243,621	126,103,241
Current portion	11	<u>(125,243,621)</u>	<u>(126,103,241)</u>
		-	-
9.1 Particulars of provision for doubtful finances			
Opening balance		126,426,200	131,364,369
(Reversal) / charge for the period - net		(5,117,528)	(4,938,169)
Provision during the period		-	-
Closing balance		<u>121,308,672</u>	<u>126,426,200</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. 290.297 million will be realised in the future.			
10.1 TAXATION			
Current Year		(79,469)	(299,904)
Deferred Tax		(24,559,179)	(74,234,933)
Prior Year		-	-
		<u>(24,638,648)</u>	<u>(74,534,837)</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

	Notes	March 31, 2021 Rupees	June 30, 2020 Rupees
11. CURRENT PORTION OF NON-CURRENT ASSETS			
Net investment in lease finance	7	46,715,490	110,146,659
Long-term finances		125,243,621	126,103,241
Long-term loans		-	-
		<u>171,959,111</u>	<u>236,249,900</u>
12. SHORT TERM INVESTMENTS			
<i>Held-for-trading</i>			
Listed ordinary shares		271,557	1,006,752
<i>Available-for-sale</i>			
Term finance certificates / sukuk bonds		54,480,000	50,000,000
Unquoted securities		<u>13,921,093</u>	<u>13,548,547</u>
		68,401,093	63,548,547
Less: provision for impairment in preference shares		(377,668)	(377,668)
Held with Nazir of SHC agianst HBFC Case		<u>(13,921,093)</u>	<u>(13,548,547)</u>
		<u>54,373,889</u>	<u>50,629,084</u>
13. PLACEMENTS AND FINANCES			
Placement and finance- unsecured		-	-
Provision for doubtful finances		<u>172,925</u>	-
		172,925	-
Financing against shares		<u>155,158,994</u>	<u>155,185,305</u>
Provision for doubtful finances		<u>(155,158,994)</u>	<u>(155,185,305)</u>
		-	-
Short-term finance - secured		<u>11,300,000</u>	<u>11,300,000</u>
Provision for doubtful finances		<u>(11,300,000)</u>	<u>(11,300,000)</u>
		-	-
Certificates of deposit		<u>5,000,000</u>	<u>5,000,000</u>
Provision for doubtful finances		<u>(5,000,000)</u>	<u>(5,000,000)</u>
		-	-
Morabaha / musharika finances		<u>86,684,717</u>	<u>86,684,717</u>
Provision for doubtful finances		<u>(47,832,229)</u>	<u>(47,659,304)</u>
		<u>38,852,488</u>	<u>39,025,413</u>
		<u>39,025,413</u>	<u>39,025,413</u>
14 LONG TERM LOANS			
<i>Secured</i>			
Commercial Banks	15	<u>305,747,856</u>	<u>313,078,957</u>
		305,747,856	313,078,957
Current portion		<u>(252,053,577)</u>	<u>(252,053,577)</u>
		<u>53,694,279</u>	<u>61,025,380</u>
15 CURRENT PORTION OF LONG TERM LIABILITIES			
Long term loans	14	252,053,577	252,053,577
Lease Liabilities		156,916	89,638
Lease deposits		-	50,917,865
		<u>252,210,493</u>	<u>303,061,080</u>

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

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.

SHORT TERM BORROWINGS	Notes	March 31,	June 30,
		2021	2020
		Rupees	Rupees
Unsecured			
Development Financial Institution		50,266,346	50,266,346
		<u>50,266,346</u>	<u>50,266,346</u>

15.2 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.

	March 31,	June 30,
	2021	2020
	Rupees	Rupees

16 CONTINGENCIES AND COMMITMENTS

16.1 Contingent liabilities

Letters of comfort / guarantee	<u>1,088,000,000</u>	<u>1,088,000,000</u>
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The guarantees worth Rs. 1,088 million (June 30, 2020: 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.

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)
FOR THE PERIOD ENDED MARCH 31, 2021

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

	March 31, 2021		June 30, 2020	
	Key Management Personnel	Associates/ Related Parties	Key Management Personnel	Associates/ Related Parties
----- Rupees -----				
Investment in associate				
Balance at beginning of the period / year	-	174,597,740	-	168,412,686
Share of Loss from Associate	-	27,831,496	-	10,434,985
Disposal of Investment in DFTL	-	(8,602,500)	-	(5,925,771)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
Balance at end of the period / year	-	221,668,971	-	174,597,740
Long term finances / loans				
Short term Loan	-	50,000,000	1,061,098	50,000,000
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	-	-	-
Disposal of Fixed Asset Cost	-	-	-	-
	-	50,000,000	1,061,098	50,000,000
Charge to profit and loss account				
Common expenses paid	-	41,539	-	61,704
Share of (loss) / profit from associate	-	27,842,236	-	10,599,214
Share of common expenses received	-	-	-	-
Rental income	-	-	-	-
Rental expense	-	30,000	-	204,600
Takaful expense	-	27,888	-	-
	-	27,941,663	-	10,865,518

18 DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were authorised for issue on April 13, 2021 by the Board of Directors of the Company.

19 GENERAL

Figures have been rounded off to the nearest Rupee.


Chief Executive


Director


Chief Financial Officer

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











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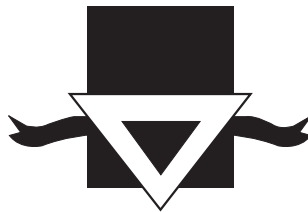
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