

**FIRST DAWOOD INVESTMENT  
BANK LIMITED**

**Quarter Report  
30 September 2021**





FIRST DAWOOD INVESTMENT BANK LIMITED

## CONTENTS

Corporate Information	2
Directors' Report	3
ڈائریکٹرز کی رپورٹ:	4
Condensed Interim Financial Position (Unaudited)	5
Condensed Interim Profit & Loss Account (Unaudited)	6
Condensed Interim Statement of Comprehensive Income (Unaudited)	7
Condensed Interim Statement of Changes in Equity (Unaudited)	8
Condensed Interim Cash Flow Statement (Unaudited)	9
Notes to the Financial Statement (Unaudited)	11

## 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. Khurshid A. Khair	Director
	Mr. Abu Khursheed M. Ariff	Director
	Mr. Iqbal Shafiq	Director
	Mr. Syed Iqbal Hussain Rizvi Mrs. Farhat Ali	Director (Nominee B.R.R. Investments (Pvt) Ltd.) Director
<b>Audit Committee</b>	Mr. Abu Khursheed M. Ariff	Chairman
	Mr. Khurshid A. Khair	Member
	Mrs. Farhat Ali	Member
<b>HR&amp;R Committee</b>	Mr. Khurshid A. Khair	Chairman
	Mr. Abu Khursheed M. Ariff	Member
	Mrs. Farhat Ali	Member
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Syed Musharaf Ali	
<b>Auditors</b>	J.A.S.B & Associates 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 Kabraji & Talibuddin Khalil Asif Ejaz & Co. Malik and Malik Law Associates Abid S. Zubari & Co. Raza Khalil Abbasi	
<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 September 30, 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
Chief Executive Officer	Mr. Rafique Dawood
Non-Executive Directors	Mr. Christopher John Aitken Andrew Mr. Syed Iqbal Hussain Rizvi Mr. Iqbal Shafique 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

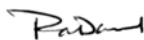
Your company during the first quarter of the financial year 2021-22 has reported after-tax profit of Rs.64.806 million as compared to Rs. 5.272 million during corresponding period last year. The profit in current year is due to significant cash recovery. However, the net worth of your company has increased from Rs. 514.125 million to Rs. 578.931 million. The earning per share is 0.437 for the period under review.

### Acknowledgement

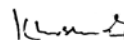
On behalf of First Dawood Investment Bank Ltd., we would like to express our gratitude to the worthy shareholders of the Bank for their support, State Bank of Pakistan, Securities and Exchange Commission and other regulatory bodies for their guidance and motivation. We would especially like to recognize 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

October 21, 2021  
Karachi.

## ڈائریکٹرز کی رپورٹ:

تمام ڈائریکٹرز 30 ستمبر 2021ء کی پہلی سہ ماہی غیر اڈٹ 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
Chief Executive Officer	Mr. Rafique Dawood
Non-Executive Directors	Mr. Christopher John Aitken Andrew Mr. Syed Iqbal Hussain Rizvi Mr. Iqbal Shafique Mrs. Farhat Ali

### مالیاتی کارکردگی:

ادارے نے پہلی سہ ماہی 30 ستمبر 2021ء کے مالیاتی گوشوارے منافع قبل از ٹیکس 64.806 ملین روپے اور پچھلے مالیاتی سال کے پہلی سہ ماہی کا منافع 5.272 ملین روپے منافع میں ہے۔ آپ کی کمپنی کی مالیت میں اضافہ 514.125 ملین سے 578.931 ملین 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 0.437 ہے پچھلے سال کے مقابلے میں کمپنی اپنے اخراجات نان پرفارمنگ قرضہ جات کی واپسی کے ذریعے قرضہ جات کے مد میں خاطر خواہ کمی کی جاسکے جو کہ ایک ستون کی حیثیت رکھتی ہے اس ادارے کے لئے۔

### 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 ریگولیٹرز اوروں 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: October 21, 2021  
کراچی

ڈائریکٹر

چیف ایگزیکٹو آفیسر

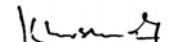
## CONDENSED INTERIM FINANCIAL POSITION

AS AT SEPTEMBER 30, 2021

	Note	Unaudited SEPTEMBER 30, 2021 Rupees	Audited JUNE 30, 2021 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property and equipment	6	4,353,513	4,664,175
Intangible Asset		-	-
Right of Use Assets		174,495	174,495
Investment properties		30,297,000	30,297,000
Net investment in lease finance	7	10,442,605	10,442,605
Long-term investments	8	203,299,244	206,974,244
Long-term finances	9	-	-
Deferred tax asset	10	290,297,438	290,297,438
		538,864,295	542,849,957
<b>CURRENT ASSETS</b>			
Current portion of non-current assets	11	126,847,642	171,324,867
Short-term investments	12	135,535,424	58,473,889
Available for Sale investment held with Nazir SHC	8.2	55,242,013	55,242,013
Placements and finances	13	39,025,413	39,025,413
Asset classified held for sale		29,777,000	29,777,000
Loans , advances and prepayments		31,595,949	4,514,949
Mark-up accrued		66,506	37,426
Other receivables		4,844,181	5,004,181
Cash and bank balances		3,660,627	1,088,577
		426,594,755	364,488,315
		965,459,050	907,338,272
<b>EQUITY AND LIABILITIES</b>			
Ordinary shares		1,483,900,230	1,483,900,230
Reserves		457,058,462	457,058,462
Accumulated loss		(1,401,267,074)	(1,466,073,718)
		539,691,618	474,884,974
Surplus / (Deficit) on revaluation of investments		39,240,200	39,240,200
		578,931,818	514,125,174
<b>NON CURRENT LIABILITIES</b>			
Long-term loans	14	36,448,122	36,448,122
Lease Liabilities		93,113	93,113
		36,541,235	36,541,235
<b>CURRENT LIABILITIES</b>			
Current portion of long-term liabilities	15	261,176,366	265,026,366
Mark-up accrued		25,756,644	25,756,644
Short term borrowings	15.2	49,774,280	49,774,280
Accrued and other liabilities		4,989,830	8,643,370
Taxation		8,288,876	7,471,203
		349,985,996	356,671,863
<b>CONTINGENCIES AND COMMITMENTS</b>			
	16	965,459,050	907,338,272

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

  
Chief Executive

  
Director

  
Chief Financial Officer

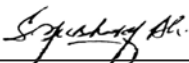
**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	<i>Quarter Ended</i>	
	<i>September 30,</i>	
	<u>2021</u>	<u>2020</u>
<i>Note</i>	<i>&lt; ----- Rupees ----- &gt;</i>	
<b>INCOME</b>		
Lease income	213,626	70,000
Return on deposits and investments	1,061,263	160,677
Gain on sale of securities	-	288,462
Income from long-term finances	30,000	-
Other income	64,109,040	166,880
	<u>65,413,929</u>	<u>686,019</u>
<b>PROVISION / CHANGES IN FAIR VALUE</b>		
(Provision) / reversal for lease losses and doubtful recoveries	7,045,833	9,935,000
	<u>7,045,833</u>	<u>9,935,000</u>
	72,459,762	10,621,019
<b>EXPENDITURES</b>		
Administrative expenses	(6,835,443)	(5,342,422)
Finance cost	-	(849)
	<u>(6,835,443)</u>	<u>(5,343,271)</u>
<b>(LOSS) / PROFIT BEFORE TAXATION</b>	<u>65,624,319</u>	<u>5,277,748</u>
<b>TAXATION</b>	(817,674)	(4,969)
Deferred Tax	-	-
<b>Current Taxation</b>	<u>64,806,645</u>	<u>5,272,779</u>
<b>PROFIT/ (LOSS) AFTER TAXATION</b>	<u>64,806,645</u>	<u>5,272,779</u>
Earning per share - basic	0.437	0.036
Earning per share - diluted	<u>0.437</u>	<u>0.036</u>

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 COMPREHENSIVE INCOME (UNAUDITED)**  
**FOR THE QUARTER ENDED SEPTEMBER 30, 2021**

	<i>Three Months Ended</i>	
	<i>September 30,</i>	
	<i>2021</i>	<i>2020</i>
	<i>&lt; ----- Rupees ----- &gt;</i>	
(Loss) / profit after taxation	64,806,645	5,272,779
Other comprehensive income		
Unrealized remeasurement gain/ (loss) on investment in associates	-	-
Unrealised gain/ (loss) on remeasurement of investment held with Nazir	-	-
	-	-
Total comprehensive (loss) / income for the period	64,806,645	5,272,779

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 SEPTEMBER 30, 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	-	-	-	-	-	-	6,084,275	6,084,275
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	32,867,492	-	32,867,492
- 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	-	-	1,216,855	-	-	-	(1,216,855)	-
Balance as at June 30, 2021	<u>1,483,900,230</u>	<u>-</u>	<u>401,035,068</u>	<u>53,426,910</u>	<u>2,596,484</u>	<u>39,240,200</u>	<u>(1,466,073,718)</u>	<u>514,125,174</u>
<b>Balance at July 1, 2021</b>	<b>1,483,900,230</b>	<b>-</b>	<b>401,035,068</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>39,240,200</b>	<b>(1,466,073,718)</b>	<b>514,125,174</b>
Total comprehensive income for the period	-	-	-	-	-	-	-	-
- Profit for the period	-	-	-	-	-	-	64,806,645	64,806,645
- Other comprehensive income	-	-	-	-	-	-	-	-
Share of Unrealised gain on remeasurement of associates investment	-	-	-	-	-	-	-	-
Transfer to Statutory Reserve	-	-	-	-	-	-	-	-
Reclassification of gain to profit and loss account	-	-	-	-	-	-	-	-
Deferred Tax-OCI	-	-	-	-	-	-	-	-
Balance as at September 30, 2021	<u>1,483,900,230</u>	<u>-</u>	<u>401,035,068</u>	<u>53,426,910</u>	<u>2,596,484</u>	<u>39,240,200</u>	<u>(1,401,267,074)</u>	<u>578,931,818</u>

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 SEPTEMBER 30, 2021**

	<i>Three Months Ended</i>	
	<i>September 30</i>	
	<i>2021</i>	<i>2020</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit / (Loss) before taxation	65,624,319	5,277,748
Adjustments:		
Depreciation	310,662	176,344
Finance Income	(30,000)	-
Lease Income	(213,626)	(70,000)
Gain on sale of investments	-	(288,462)
Share of Loss on Investment in Associates	-	0
Amortization	-	25,470
Finance cost	-	849
Gain on sale of Property and equipment	-	-
Gain / Loss on sale of property and equipment	-	-
Unwinding discount	-	-
Provision / (reversal of provision potential lease	(7,045,833)	(2,524,156)
	<u>(6,978,797)</u>	<u>(2,679,955)</u>
	58,645,522	2,597,793
<b>Changes in operating assets and liabilities</b>		
<i>(Increase) / decrease in operating assets</i>		
Net investment in lease finance	1,278,978	1,858,096
Long-term finances	50,337,043	2,189,001
Placements and finances	-	172,925
Advances and prepayments	(27,081,000)	215,444
Mark up accrued	(29,080)	6,990
	<u>24,505,941</u>	<u>4,442,456</u>
	83,151,463	7,040,249
<i>Increase / (decrease) in operating liabilities</i>		
Amortization of interest free loan	-	-
Short Term Borrowings	-	-
Accrued and other liabilities	(3,653,540)	(462,887)
	<u>(3,653,540)</u>	<u>(462,887)</u>
Tax paid	0	4,969
Net cash (used)/generated from operating activities	<u>79,497,923</u>	<u>6,582,331</u>

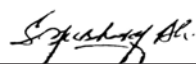
**CONDENSED INTERIM CASH FLOW STATEMENT (UNAUDITED)**  
**FOR THE PERIOD ENDED SEPTEMBER 30, 2021**

	<i>Three Months Ended</i>	
	<i>September 30</i>	
	<i>2021</i>	<i>2020</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	310,662	118,646
Long-term investments	3,675,000	-
Long-term deposits	-	-
Short-term investments	<u>(77,061,535)</u>	<u>(5,657,608)</u>
Net cash (used)/generated from investing activities	<u>(73,075,873)</u>	<u>(5,538,962)</u>
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of Short Term Borrowings	<u>(3,850,000)</u>	-
Net cash (used in) from financing activities	<u>(3,850,000)</u>	-
Net increase / ( decrease) in cash and cash equivalents	2,572,050	1,043,369
Cash and cash equivalents at beginning of the period	1,088,577	1,039,863
Cash and cash equivalents at end of the period	<u><u>3,660,627</u></u>	<u><u>2,083,232</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 SEPTEMBER 30, 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 June 30, 2021 amounted to Rs. 9.04 billion (September 30, 2021: 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, 2021.
- 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, 2021. "
- 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, 2021.

**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, 2021.

**6. PROPERTY, EQUIPMENT AND INTANGIBLE**

	<i>September 30, 2021 Rupees</i>	<i>June 30, 2021 Rupees</i>
Equipment and appliances	8,902	10,654
Vehicles	4,344,613	4,653,523
Intangible asset	-	-
	<u>4,353,515</u>	<u>4,664,177</u>
	<u>-</u>	<u>-</u>

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

		September 30, 2021	June 30, 2021
	Note	Rupees	Rupees
<b>7. NET INVESTMENT IN LEASE FINANCE</b>			
Net investment in lease finance	7.1	423,415,940	424,694,918
Provision for potential lease losses		(367,139,595)	(367,979,428)
		56,276,345	56,715,490
Current portion		(45,833,740)	(46,272,885)
		<u>10,442,605</u>	<u>10,442,605</u>

**7.1 Particulars of net investment in lease finance**

Minimum lease payments receivable	530,073,148	531,562,293
Residual value of leased assets	250,012	250,012
	<u>530,323,160</u>	<u>531,812,305</u>
Unearned finance income	-	-
Markup held in Suspense	(106,907,220)	(107,537,463)
Net investment in lease finance	<u>423,415,940</u>	<u>424,274,842</u>

7.1.1 The lease finances carry mark up ranging from 6M KIBOR plus spread of 2% to 5% (June 30, 2021): 6M KIBOR plus spread of 2% to 5%) per annum having maturity up to 5 years and are secured against leased assets.

		September 30, 2021	June 30, 2021
	Note	Rupees	Rupees
<b>7.2 Provision for potential lease losses</b>			
Opening balance		367,979,428	372,373,879
(Reversal) / charge for the period - net		(839,833)	(4,394,451)
Written off during the period		-	-
Closing balance		<u>367,139,595</u>	<u>367,979,428</u>

**7.3 Current portion of lease finance**

Maturing within one year	423,415,940	424,274,842
Provision for potential lease losses	(367,139,595)	(368,529,352)
More Than One Year & Less Than Five Years	(10,442,605)	(10,442,605)
	<u>45,833,740</u>	<u>45,302,885</u>

**8. LONG TERM INVESTMENTS**

Investment in unlisted	8.1	242,690,322	246,365,322
Saving Certificates		1,505,300	1,505,300
Investment transfer to Nazir		(40,896,378)	(40,896,378)
		<u>203,299,244</u>	<u>206,974,244</u>

**8.1 Investment in associates**

Opening balance	158,198,571	161,773,925
Share of reversal of deficit on revaluation of investments recognised in other income	-	-
Share of (loss) / gain	-	27,831,496
Disposal of Investment	(3,675,000)	(14,682,500)
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>154,523,571</u>	<u>158,198,571</u>

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	Note	September 30, 2021 Rupees	June 30, 2021 Rupees
<b>8.2 Investment held with Nazir SHC at FVOCI</b>			
		<b>30-Sep-21</b>	<b>30-Jun-21</b>
Number of Shares			
6,466,010		6,466,010	Dawood Family Takaful
1,477,823		1,477,823	Al Baraka Bank Pakistan Limited
		40,896,378	37,013,626
		14,345,635	13,548,547
		55,242,013	50,562,173
Remeasurement gain/ (loss) on investment of ABPL		-	797,088
Share of gain/(loss) on investment of DFTL		-	3,882,752
		<u>55,242,013</u>	<u>55,242,013</u>
<b>9. LONG-TERM FINANCES</b>			
Term finance facilities		186,116,574	236,360,654
Provision for doubtful finances		(105,102,672)	(111,308,672)
		81,013,902	125,051,982
Current portion	11	(81,013,902)	(125,051,982)
		<u>-</u>	<u>-</u>
<b>9.1 Particulars of provision for doubtful finances</b>			
Opening balance		121,308,672	126,426,200
(Reversal) / charge for the period - net		(16,206,000)	(5,117,528)
Provision during the period		-	-
Closing balance		<u>105,102,672</u>	<u>121,308,672</u>
<b>10. DEFERRED TAX ASSET</b>			
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.			
	Note	September 30, 2021 Rupees	June 30, 2021 Rupees
<b>10.1 TAXATION</b>			
Current Year		(817,674)	(105,674)
Deferred Tax		0	(24,559,179)
Prior Year		-	0
		<u>(817,674)</u>	<u>(24,664,853)</u>
<b>11. CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Net investment in lease finance	7	45,833,740	45,302,885
Long-term finances		81,013,902	125,051,982
Long-term loans		-	-
		<u>126,847,642</u>	<u>170,354,867</u>

## NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	Note	September 30, 2021 Rupees	June 30, 2021 Rupees
<b>12. SHORT TERM INVESTMENTS</b>			
<i>Held-for-trading</i>			
Listed ordinary shares		377,669	377,668
<i>Available-for-sale</i>			
Term finance certificates / sukuk bonds/ Musharaka		135,641,535	58,580,000
Unquoted securities		14,239,523	13,548,547
		149,881,058	72,128,547
Less: provision for impairment in preference shares		(377,668)	(377,668)
Held with Nazir of SHC agianst HBFC Case		(14,345,635)	(13,548,547)
		<u>135,535,424</u>	<u>58,580,000</u>
<b>13. PLACEMENTS AND FINANCES</b>			
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		(47,659,304)	(47,659,304)
		39,025,413	39,025,413
		<u>39,025,413</u>	<u>39,025,413</u>
<b>14 LONG TERM LOANS</b>			
<i>Secured</i>			
Commercial Banks	15	297,467,572	301,317,572
		297,467,572	301,317,572
Current portion		(261,019,450)	(264,869,450)
		<u>36,448,122</u>	<u>36,448,122</u>
<b>15 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long term loans	14	264,869,450	264,869,450
Repayment During the Quarter		(3,850,000)	-
Lease Liabilities		156,916	156,916
		<u>261,176,366</u>	<u>265,026,366</u>
<b>15.1</b> The markup has been reversed based on legal opinion sought and no markup is shown in the external confirmation circulated by the external auditor.			
<b>15.2 SHORT TERM BORROWINGS</b>			
<i>Unsecured</i>			
Development Financial Institution		49,774,280	49,774,280
		<u>49,774,280</u>	<u>49,774,280</u>
<b>15.3</b> "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.			



**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

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 High 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>September 30, 2021</i>	<i>June 30, 2021</i>
	<i>Rupees</i>	<i>Rupees</i>
<b>16 CONTINGENCIES AND COMMITMENTS</b>		
<b>16.1 Contingent liabilities</b>		
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, 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-fulfilment 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>September 30, 2021</i>		<i>June 30, 2021</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	-	202,765,157	-	161,773,925
Share of Loss from Associate	-	-	-	27,831,496
Disposal of Investment in DFTL	-	-	-	(14,682,500)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	-	-	-
	-	-	-	27,842,236
Balance at end of the period / year	<u>-</u>	<u>202,765,157</u>	<u>-</u>	<u>202,765,157</u>

**NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)**  
FOR THE PERIOD ENDED SEPTEMBER 30, 2021

	<i>September 30, 2021</i>		<i>June 30, 2021</i>	
	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>	<i>Key Management Personnel</i>	<i>Associates/ Related Parties</i>
	----- Rupees-----			
<b>Long term finances / loans</b>				
Short term Loan	1,650,001	75,000,000	2,199,001	55,000,000
Unearned rent	-	-	-	-
Long term finance	-	-	-	-
Term Finance Certificates / Sukuk bonds	-	-	-	-
Disposal of Fixed Asset Cost	-	-	-	-
	<u>1,650,001</u>	<u>75,000,000</u>	<u>2,199,001</u>	<u>55,000,000</u>
<b>Charge to profit and loss account</b>				
Common expenses paid	-	51,094	-	41,539
Share of (loss) / profit from associate	-	-	-	27,831,496
Share of common expenses received	-	-	-	-
Rental income	-	-	-	-
Rental expense	-	30,000	-	30,000
Takaful expense	-	31,399	-	55,940
	<u>-</u>	<u>112,493</u>	<u>-</u>	<u>27,958,975</u>

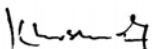
**18 DATE OF AUTHORIZATION FOR ISSUE**

These condensed interim financial statements were authorised for issue on October 21, 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

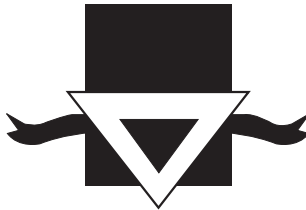


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