



FIRST DAWOOD INVESTMENT BANK LIMITED

PAST



FUTURE



ANNUAL REPORT 2016

PRESENT





FIRST DAWOOD INVESTMENT BANK LIMITED

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FIRST DAWOOD INVESTMENT BANK LIMITED

CORPORATE INFORMATION

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

* Application for the prior approval of Directors is pending with SECP. Status-quo has been granted by the Honorable Islamabad High Court vide order dated 03-02-2014. Where the legality of the approval process has been challenged. As per advice of legal Counsel till approval is granted the newly elected directors cannot assume charge hence, the previous directors will continue to hold office.



FIRST DAWOOD INVESTMENT BANK LIMITED

VISION AND MISSION STATEMENT/ CORPORATE STRATEGY

VISION STATEMENT

Your Company's vision is to become the leading progressive and profitable organization in the financial sector through innovative, proactive and responsible management that provides the highest level of quality service to clientele. We will further develop strengths by introducing new products and services.

MISSION STATEMENT

- * To offer value in term of dividend yield and capital gains to shareholders.
- * To effectively fulfill the needs of clients to their satisfaction.
- * To endeavour to achieve a lasting relationship with clients and associates on the principles of mutualism.
- * To fulfill all social responsibilities and be a good corporate citizen.
- * To increase its contribution to the Industrial development of the country.
- * To ensure that human resources is ready to take on new challenges.
- * To reward employees according to their achievements.

CORPORATE STRATEGY

- * Ensuring shareholder's security and a high rate of return on investments.
- * Striking the right balance between risks and rewards.
- * Offering the optimal mix of products and services to customers.
- * Maintaining highest standards of integrity, honesty and ethics.
- * Building a long lasting relationship with customers.
- * Providing growth & development opportunities to the management and staff of the company.
- * Maintaining financial discipline and adhering to professional and moral codes.



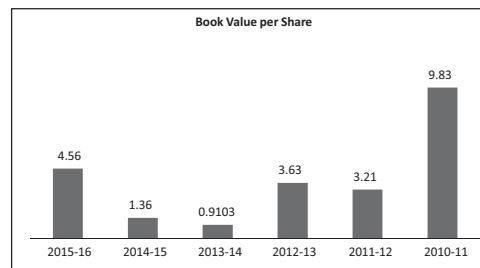
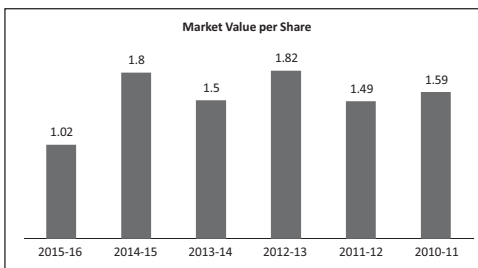
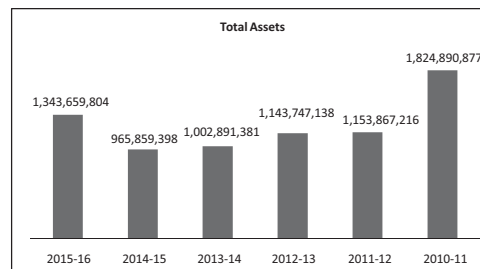
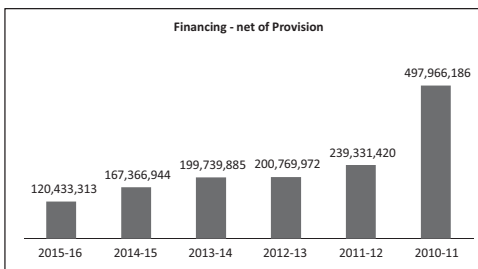
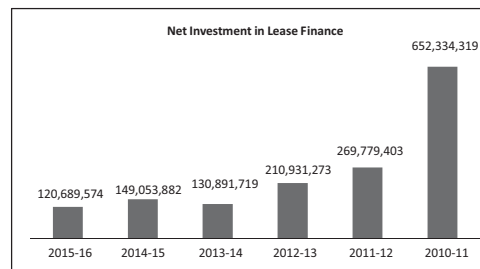
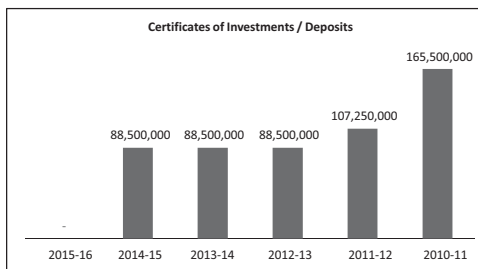
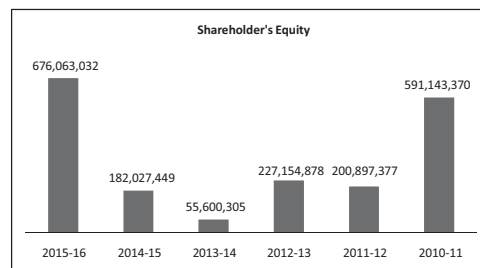
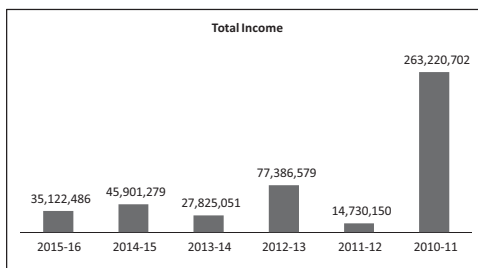
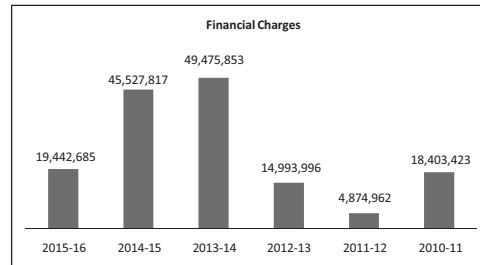
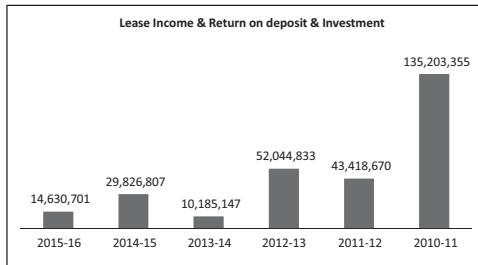
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FINANCIAL HIGHLIGHTS

	2015-16	2014-15	2013-14	2012-13	2011-12	2010-11
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
PROFIT & LOSS						
Lease Income & Return on deposit & Investment	14,630,701	29,826,807	10,185,147	52,044,833	43,418,670	135,203,355
Financial Charges	19,442,685	45,527,817	49,475,853	14,993,996	4,874,962	18,403,423
Fee, commission, brokerage & others	15,308,090	10,407,622	11,136,459	24,748,775	(29,082,716)	78,569,971
Dividend & capital gain/(loss)	5,183,695	5,666,850	6,503,445	592,971	394,196	49,447,376
Total Income	35,122,486	45,901,279	27,825,051	77,386,579	14,730,150	263,220,702
Provisions / (Surplus) / Deficit	49,896,676	53,338,990	37,051,368	10,595,297	306,001,742	74,474,521
Operating expenses	41,845,235	41,845,235	66,022,591	73,223,894	84,482,499	88,027,391
Operating profit/ (loss) before tax and provision	(25,376,038)	46,559,165	(103,857,361)	(8,290,666)	34,091,012	156,789,888
Profit (loss) after taxation	500,269,039	6,508,693	(140,945,055)	49,909,276	(376,387,222)	(44,284,223)
Profit/(loss) before taxation	22,471,064	6,779,825	(140,908,729)	(18,885,963)	(408,083,157)	12,644,688
Dividends	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-
BALANCE SHEET						
Shareholder's equity	676,063,032	182,027,449	55,600,305	227,154,878	200,897,377	591,143,370
Deficit I surplus on Revaluation of Investment	(9,531,115)	(3,297,659)	(6,982,479)	(5,006,303)	(9,987,869)	(24,502,432)
Certificate of Investment I Deposits	-	88,500,000	88,500,000	88,500,000	107,250,000	165,500,000
Borrowings from financial institutions	494,198,916	513,991,893	524,872,003	542,545,880	591,764,164	769,890,505
Net Investment In Lease Finances	120,689,574	149,053,882	130,891,719	210,931,273	269,779,403	652,334,319
Financing - net of Provision	120,433,313	167,366,944	199,739,885	200,769,972	239,331,420	497,966,186
Investment - net of provision	217,267,734	244,658,359	245,882,042	251,218,488	220,665,494	213,833,608
Total Assets	1,343,659,804	965,859,398	1,002,891,381	1,143,747,138	1,153,867,216	1,824,890,877
FINANCIAL RATIOS						
Gross spread ratio (%)	-24.75%	-34.49%	-79.41%	74%	88.77%	8639.00%
Income / expense ratio (Times)	0.57	0.525348235	0.240912778	0.16	0.16	2.47
Return on Average Equity (ROE) (%)	116.60%	7.15%	-253.50%	23%	-95.04%	-731.00%
Return on Average Assets (ROA) (%)	43.32%	1.35%	-14.05%	4.34%	-25.27%	-1.78%
Profit / (Loss) before tax ratio	0.64	0.15	(5.06)	-1.37	-27.7	0.05
Total assets turnover ratio /Fixed assets turnover ratio (Times)	0.0011	0.0024	0.01	0.07	0.01	3.79
Price Earning ratio	0.51	20.00	(0.55)	4.92	-0.53	(4.82)
Market Value per share	1.88	1.8	1.5	1.82	1.49	1.59
Earning per share (Rs.)	3.70	0.09	(2.71)	0.34	-2.8	(0.33)
Book value per share (Rs.)	4.56	1.36	0.9103	3.63	3.21	9.83
Employees remuneration (Rs. In Million)	24.53	25.80	32.190472	34.74	33.64	48.59
Government tax (Rs. In Million)	0.61	0.95	1.017032	1.8	2.92	0.01
Number of employees	8	9	18	25	31	33



FIRST DAWOOD INVESTMENT BANK LIMITED





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NOTICE OF 22nd ANNUAL GENERAL MEETING (AGM XXII)

Notice is hereby given that the AGM XXII of First Dawood Investment Bank Limited will be held at its Registered Office, B.R.R. Tower, Hassan Ali Street, Off: I. I. Chundrigar Road, Karachi on Monday, October 24, 2016 at 9:00 a.m. to transact the following business:

Ordinary Businesses

1. To confirm the minutes of XXI Annual General Meeting held on October 31, 2015.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2016 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of External Auditors and to fix their remuneration for the financial year ending June 30, 2017.
4. To elect seven directors of the Company as fixed by the Board of Directors. The following are the retiring directors and are eligible to offer themselves for re-election:
 1. Mr. Rafique Dawood
 2. Mr. Ayaz Dawood
 3. Mr. Asad Hussain Bokhari
 4. Mr. Khurshid Abul Khair
 5. Mr. Abu Khursheed M. Ariff

5. **SPECIAL BUSINESS**
Ordinary Resolutions:

1. Transmission of Annual Accounts

To give effect of S.R.O 470(I)2016 dated May 31, 2016 of the Securities & Exchange Commission of Pakistan ("SECP") shareholder's approval is being sought to allow the Company to circulate its Annual Report through CD/DVD/USB to all members. The Company, however, shall place on its website a standard Request Form to enable intimation to the Company by those members who require hard copy of the Annual Report instead of through CD/DVD/USB. In this regard, the following resolutions are proposed to be passed as Ordinary Resolutions.

RESOLVED that the Company may transmit the annual balance sheet and profit and loss account, auditor's report and director's report, to its members through CD/DVD/USB instead of hard copy at their registered addresses.

FURTHER RESOLVED THAT the standard Request Form be and is hereby placed on Company's website for the purpose of communication of the requisition of annual audited accounts through hard copy.

6. Special Resolutions:

2. Amendment in Article of Association

The Securities & Exchange Commission of Pakistan has issued the Companies (E-Voting) Regulations, 2016 (the "Regulations") on January 22, 2016 vide S.R.O 43(I)/2016 which allows both members and non-members to take part in decision making in the general meeting of the Company through electronic means through an intermediary.

In order to comply with the Regulations, the existing Articles of Association (AOA) of the Company needs to be amended.

To consider, propose and if thought fit, pass with or without modification, the Special Resolutions to amend the existing Articles of Association by addition of the following new paragraph in Article 52 and reword Article 57 in order to bring the effect of the Companies (E-Voting) Regulations, 2016.



FIRST DAWOOD INVESTMENT BANK LIMITED

RESOLVED THAT the following new paragraph be and is hereby added in the existing Article 52 of the AOA of the Company to be read as follows:

52.Votes of Members

"The provisions and requirements for e-voting as prescribed by the SECP from time to time shall be deemed to be incorporated in these Articles of Association, irrespective of the other provisions of these Articles and notwithstanding anything contradictory therein".

FURTHER RESOLVED THAT the existing Article 57 be and is hereby reworded to be read as follows:

57.Form of Proxy

"An instrument appointing a proxy shall be in the form specified in Regulation 39 of the Table 'A' in the First Schedule to the Ordinance or Schedule II of the Companies (E-Voting) Regulations, 2016 or in any other form which the Directors may approve."

FURTHER RESOLVED THAT the Chief Executive Officer and the Company Secretary be and are hereby singly authorized to take or cause to be taken any and all actions necessary and incidental for the purposes of altering the Articles of Association of the Company and make necessary submissions and complete legal formalities, as may be required to implement the aforesaid Special Resolutions"

7. Any other Business with the permission of the Chair.

By Order of the Board

**October 03, 2016
Karachi**

**Syed Musharaf Ali
CFO & Company Secretary**

Notes:

1. The share transfer books of the Company shall remain closed from October 17, 2016 to October 24, 2016 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi, if any change of address immediately.
2. Any person who seeks to contest the election of the office of Directors shall at the Registered office of the Company, file not later than fourteen days before the date of meeting a notice of his intention to offer himself for election as a director in terms of Section 178(3) of the Companies Ordinance, 1984, subject to approval of the Securities & Exchange Commission of Pakistan.
3. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. No person other than a member shall act as proxy. Proxy forms, in order to be effective, must be received at the Registered Office, duly stamped and signed not less than 48 hours before the meeting.
4. The CDC account/sub-account holders are requested to bring with them their computerized National ID Cards (CNIC) along with Participant(s) ID number and their account numbers at the time of attending this meeting in order to facilitate identification of the respective shareholder(s). In respect of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting.



FIRST DAWOOD INVESTMENT BANK LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company are pleased to present to you the 22nd Annual Report annexed with Audited Financial Statements of the Company for the year ended June 30, 2016.

Business Performance

During the year the company has recognized additional deferred tax asset of Rs.480.80million in respect of unabsorbed tax depreciation and carry forward of unused tax losses. Further, the company continued its recovery drive with assertiveness and the aforementioned exercise with help of deferred tax asset resulted in augmentation of profits to Rs.500.27M, as opposed to a profit of Rs.6.51M last year. Similarly, the net worth of your company has increased from Rs.182.03M to Rs.676.06M.

Here it is pertinent to mention that after the unprecedented stock market crisis of 2008 and other related events changed the dynamics of; NBFC, Modaraba and smaller commercial banks operating in the country. Today, if we compare the numbers and performance of these institutions with data of 2007-08, then one will witness a massive erosion and destruction of not only NBFCs & Modaraba sector, but also that of smaller commercial banks. Having repeatedly said the above i.e. about the closure of stock market for 109-days, its aftermath resulting in financial crisis and destroying the NBFC sector in annual reports every year since 2009. We are pleased to share that finally during the year under discussion 'Securities & Exchange Commission of Pakistan' (SECP) published a 'Report of the Committee - A Study of the Pakistan Stock Market Crisis of 2008'. This 114-page has accepted that the crisis was triggered from the SECP. Thus exonerating 'FDIB' for not being risk averse and not anticipating an unprecedented scenario, which for years the market thought it was otherwise. 'The Floor' (or closure of stock market) caused massive erosion in value of securities, which not only resulted in a capital loss for FDIB, but also in reduction in value of collateral held as shares for financing of loans etc, which took years to recover and some of course ended-up in a permanent default. Nevertheless, your company meticulously managed its operations in an innovative manner to keep it buoyant.

The management of FDIBL is continuing its efforts for recoveries and focusing its priority on reduction in non-performing portfolio and managing cash reserve. Correspondingly, the costs are also being controlled and overhead are being restricted. For the same reasons, we have restructured the operations and finance departments to ensure that the costs do not exceed the expected benefits. The company loan portfolio is down to its most chronic market defaulters; henceforth 'Legal Department' are making concerted efforts to negotiate and to settle with these non-performing loans. We are pleased to inform that these efforts have already borne fruits, as some of these loans have been restructured and revenue stream has started flowing from these defaulters. It is expected that once all such accounts are regularised, it will enhance company's financial health and corresponding values.

Financial Performance

The entire leasing industry barring a few players (which are primarily supported by big financial institutions or industrial groups) is passing through difficult time. We are pleased that a new road map has been given by SECP and some of the regulatory requirements have considerably been relaxed. Though, a compensation has not been offered to market player for the crisis ignited by SECP and we hope that in the coming years someone will divert the attention this area as well. Earlier, the security and law & order issues were also hurting our recovery drive from lease / loan portfolio, but a positive change in law & order situation is expected to reap good benefits in coming years. Despite these socio-political challenges since 2008, your company is making process in the right direction to keep FDIB afloat. Hence, the Company has been able to manage its business affairs only through its internal resources during all these 8-9 years without any external financial support, which indeed is a big achievement on its own account.

	2016	2015
	<i>Rupees</i>	<i>Rupees</i>
Lease and financing (loss)/income <i>net of provision and impairment</i>	53,967,086	64,777,101
Return on deposits and investments	14,394,411	5,731,586
Other gain / (loss)	15,308,090	28,731,582
Total (Loss) / Income	83,669,587	99,240,269
Administrative and Operating Expenses	(41,055,839)	(41,845,235)
Finance cost	(19,442,685)	(45,527,817)
Total Expenditure	23,171,063	11,867,217
Share of (loss) / profit of associates	(699,999)	(5,087,392)
(Loss) before Taxation	22,471,064	6,779,825
Taxation	477,797,975	(271,132)
(Loss) / Profit after Tax	500,269,039	6,508,693
(Loss) / Earnings Per Share – Basic	3.37	0.09
(Loss) / Earnings Per Share – Diluted	3.37	0.09



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Future Outlook

During current year recovery of Rs.36.788 million has been made against non-performing lease and advances portfolio. Further recoveries are also expected from the existing portfolio, which will provide adequate cash flows for next 12-18 months. Hence, there are no issue of going concern for your company in the near future. The management is confident that it will continue to write back provisions as a result of expected recoveries which will not only result in better cash flows, but will also enhance profitability and the net worth of your company. The departments have been restructured and rationalized / right sized to reduce the payroll cost and overhead expenses. The proposed reduction in financing cost through restructuring / settlements with the lenders will assist in further reducing the losses and improving the equity. This will make the Company attractive for equity participation / merger along and / or with an opportunity for the existing shareholders to inject additional equity. The management is confident that the Company will be able to resume its operations upon renewal of licences and to take advantage of deferred tax by writing new lease facilities.

Internal Control and Audit Function

The company is confident that it will be meeting the set goals and objectives as set in the 5year (2013-2017) business plan. The said updated business plan involved certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The system of internal control is sound in design and has been effectively implemented and monitored. Further, to monitor and support the Board your company has outsourced the Internal Audit function to J.A.S.B & Associates Chartered Accountants, which directly reports to the Audit Committee.

Accounting Policies & Estimates

Appropriate accounting policies have been consistently applied in preparation of financial statements except for changes resulting on initial application of standards, amendments or interpretations to existing standards, as stated in Note 3 to the financial statements. Accounting estimates are based on reasonable and prudent judgment.

External Auditors

The Auditors Haroon Zakaria & Company -Chartered Accountants have retired and being eligible offered themselves for reappointment.

Related Party Transaction

All related party transactions have been placed before the Audit Committee of the company and upon recommendations of the committee the same have been placed before the board for review and approval.

Statement of Corporate Governance

Your Company has implemented provisions of the Code of Corporate Governance relevant for the year ended June 30, 2016. The external auditors review report on the statement of compliance with the Code of Corporate Governance is annexed with this report. As per directives of SECP and Karachi Stock Exchange, the Directors hereby confirm the following as required by clause (xvi) of the code:

- a. The financial statements, prepared by the management of the listed company, present its state of affairs fairly, the result of its operations, cash flows and changes in equity;
- b. Proper books of account of the listed company have been maintained;
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- d. International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures there from have been adequately disclosed and explained;
- e. The system of internal control is sound in design and has been effectively implemented and monitored; and

Significant deviations in operating results

The significant deviations in operating results of the Company were mainly due to the fact that during the current year the company made further provisions on Non Performing Assets (NPAs) amounting to Rs.37.89 million. The reversal in provision of 'Long term finances' and lease finance facilities amounted to Rs.12.04 million and Rs.075million respectively. This was mainly due to settlement / restructuring of outstanding liabilities.

The company has managed to reduce its administrative expenses by 2% i.e. from Rs. 41.85 million to Rs. 41.06 million last year despite the prevailing inflationary trend.



FIRST DAWOOD INVESTMENT BANK LIMITED

Key Financial Highlights

Summary of key operating and financial data of last six years is disclosed on page 4 of Annual Report.

Dividend

The Board of Directors after assessing the financial position of the Company, considered it prudent not to recommend the payment of a dividend or the issuance of bonus shares for the year.

Taxes, duties, levies and charges

There are no outstanding taxes, duties, levies and charges other than disclosed in the financial statements. Further, in-house taxation department is accessing the applicability of sales tax on services and revising procedures in light or changes in tax regulations.

Provident Fund

The Company and its employees contribute equally in a Registered Funded Provident Fund (the Fund) for its employees. The net assets of the Fund as per the unaudited financial statement for the year ended June 30, 2016 stood at Rs. 105.76 million.

Meeting of the Board & its Committees

The number of Board and Committees' meetings held during the year and attendance by each Director is disclosed as under:

Board Meetings

S. No	Name	Designation	Entitlement to Attend Meeting	Meetings Attended	Leave of Absences
1	Mr. Rafique Dawood	Chairman	4	4	-
2	Mr. Ayaz Dawood	Director	4	4	-
3	Mr. Abu Khursheed M Ariff	Director & proposed CEO	4	4	-
4	Mr. Asad Hussain Bokhari	Director	4	4	-
5	Mr. Khurshid Abul Khair	Director	4	4	-

Audit Committee Meetings

S. No	Name	Designation	Entitlement to Attend Meeting	Meetings Attended	Leave of Absences
1	Mr. Asad Hussain Bokhari	Chairman	4	4	-
2	Mr. Khurshid Abul Khair	Member	4	4	-
3	Mr. Abu Khursheed M Ariff	Member	4	4	-

Human Resources & Remuneration Committee Meetings

During the financial year no HR&R Committee were held.

Directors

The Applications for approval of directors elected in the Annual General Meeting of the Company held on October 24, 2013 are pending with the SECP. Further, the legality of the approval process has been challenged by the Company at the Islamabad High Court which issued directives to maintain status-quo. Therefore, till the approval of SECP is received, elected directors cannot assume charge of their office under Clause-2 of Schedule IX of the NBFC & NE Regulation 2008, hence; the previous directors shall continue to hold office.

Two casual vacancies still remains vacant as it could not be filled due to the aforementioned the court order.



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Directors Training Programme

The Executive Director, Mr. Ayaz Dawood has completed directors training course in December, 2015, however, Chairman, Mr. Rafique Dawood is exempt to attend the directors training course as he meet the criterion laid in proviso of Clause-xi of the Code of Corporate Governance. The remaining directors will acquire the required directors training certification once SECP approval for the new Board is received.

Pattern of Share holding

The pattern of shareholding and additional information regarding pattern of shareholding is annexed on page 58 of the Annual Report.

Auditor's Report

The Auditors have given their opinion on the financial statements of the company for the year ended June 30, 2016, wherein they have express their opinion (a) Deferred Tax Asset amounting Rs.679.69 million (b) Going Concern as accumulated losses to the tune of Rs.1,233.41 Million and current liabilities exceeding current assets by Rs.274.51 million (c) Called Guarantees to the tune of Rs.1,088 Million are under litigation (d) note 10.5 to the financial statements, the company is not in compliance with certain NBFC Regulations and non-compliance with Regulation 6(2) of the Debt Securities Trustee Regulations, 2012. (e) Non-transfer of asset classified as held for sale and carried at lower of carrying value or of recoverable amount. (f) the resumption and non-renewal of license of Dawood Capital Management Limited.

The Company's response to the aforementioned observation is as under:

- a. With regards to Deferred Tax, the Company had engaged an independent firm of Chartered Accountants for the preparation of five year business plan based on which the deferred tax asset has been recognised. The business plan involved certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. However it is expected that there will be no material change in the projections and the Company will be able to generate profits as per the Business Plan which would then be utilized to set-off the Deferred tax Asset.
- b. With regards to emphasis paragraph on, going concern the company is confident for waiver of principal and mark-up on settlement of liabilities, reversal of provisions and suspended income on settlement with lessees / borrowers, significant reduction in finance cost will help the company in reducing its losses but a sizable positive impact on the equity in the short term. These measures provide reasonable assurance that the company would continue as a going concern and as such these financial statements are being prepared on a going concern basis.
- c. With regards to emphasis paragraph on, on called guarantees to the tune of Rs.1,088 million under litigations cases are being defended by lawyers of the Company. Based on the views of its legal advisors, the Company is confident that all legal suits will be disposed off in due course on technical grounds and flaws in the guarantees.
- d. The approval for transfer / sale of BRRRI shares is pending with SECP, as soon as approval accorded the requirements of NBFC Regulations will be complied. The appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations is pending at the appellate bench of SECP.
- e. The Land classified as held for sale for which Honourable Lahore High Court has order to transfer the ownership in the name of Company and the company has genuine buyer for the same land but the sale is pending till the peaceful possession of land.
- f. The operations of one of the associated company were resumed in January 2015 through Appellate Bench of SECP and they applied for renewal of license to SECP for carrying out asset management services. The Appellate Bench set aside the order against the company as the order was illegal. The management believes that they will be able to recover its full amount of investment as they are sponsor investors of associate and have controlling interest in it and as such its recoverable value would be much more than its break-up value.

Trading / Dealing in Company Shares

Directors, CEO, CFO, Company Secretary, Internal Auditor, other employees and their spouses and minor children have not traded in the shares of the Company during the year.

Post Balance Sheet Events

There has been no occurrence of significant events between the financial year ends June 30, 2016 of the company to date.



FIRST DAWOOD INVESTMENT BANK LIMITED

Acknowledgement

The Board of Directors acknowledges and deeply appreciates the management and employees for their dedication, commitment, in these hard times being faced by the company. The management role in the on time decisions and continuous efforts for bringing out the company from severe financial crisis is being acknowledged and appreciated. We also take this opportunity to express our gratitude to our valued customers, business partners, external auditors, stake holders, bankers and shareholders for their support, trust and patronage. Last, but not the least, we humbly pay our gratitude to our regulator SECP, who kept on rendering their immense support and facilitative role, enabling FDIB not only to face these tough challenges.

**On behalf of the Board
Chairman**



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2016.

The statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of the Listing Regulations of Karachi and Islamabad Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance

The Company has applied the principles contained in the Code in the following manner:

1. The election of directors was held in October 24, 2013 in an Annual General Meeting (AGM) of the Company. However, the applications for approval of directors elected in the said AGM are pending with the Securities and Exchange Commission of Pakistan (SECP). Further, the legality of the approval process has been challenged by the Company at the Islamabad High Court which issued directives to maintain status-quo; therefore, till the approval of SECP is received, directors elected in the said AGM cannot assume charge of their office under Clause 2 of Schedule IX of the NBFC Regulations, 2008 and thus the Board existed prior to election of directors shall continue to hold office and the provisions of this Code are made applicable to them.

The Company encourages representation of independent non-executive directors on its Board of Directors. At present the Board comprises of the following:

Category	Names
Independent Director	Mr. Khurshid Abul Khair
Executive Director	Mr. Ayaz Dawood
Non – Executive Directors	Mr. Rafique Dawood Mr. Abu Khursheed Muhammad Ariff Mr. Asad Hussain Bokhari

The independent director meets the criteria of independence under clause i (b) of the Code.

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBF, or being member of a stock exchange, has been declared a defaulter by that stock exchange.
4. During the year, no casual vacancy occurred on the Board.
5. The Company has prepared a 'Code of Conduct' and has ensured that appropriate steps have been taken to disseminate it throughout the Company along with its supporting policies and procedures.
6. The Board has developed vision / mission statement, overall corporate strategy and significant policies of the Company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of employment of the CEO and other executive directors have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors of the Company are experienced and seasoned corporate professionals and are well-versed with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Chairman and one of the directors in the Board are



FIRST DAWOOD INVESTMENT BANK LIMITED

exempted from the Directors Training Program in accordance with the criteria specified in Clause (xi) of the Code, The remaining directors will acquire the required director's training certification once SECP approval for the new Board is received.

10. During the year Mr. Naveed Ahmed has resigned as a Company secretary on May 01, 2016. Then Mr. Syed Musharaf Ali appointed as Company Secretary w.e.f. May 01, 2016.
11. The Directors' Report of the Company for the year ended June 30, 2016 has been prepared in compliance with the requirements of the Code and fully describes the salient matters as required to be disclosed.
12. The financial statements of the Company were duly endorsed by director and CFO of the Company before approval of the Board.
13. The Directors and Executives of the Company do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee comprises of three members all of whom are non-executive directors including the Chairman of the Committee.
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the interim results of the Company and as required by the Code. The terms of reference of the Committee have been approved by the Board and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members all of whom are non-executive directors including the Chairman of the Committee.
18. The Board has outsourced the internal audit function to a firm of Chartered Accountant (J.A.S.B) who is considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. Presently, the Board has appointed Syed Moin Ahmed Zaidi to act as coordinator between the Firm and the Board.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied except for the following towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:

Executive Director
Karachi



FIRST DAWOOD INVESTMENT BANK LIMITED

REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES OF THE CODE OF CORPORATE GOVERNANCE

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of First Dawood Investment Bank Limited for the year ended June 30, 2016 to comply with the Listing Regulation No. 35 of the Pakistan Stock Exchange where the Company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

Further, the Code requires the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval of its related party transaction distinguishing between transaction carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices or not.

Based on our review, except for paragraph 10 which also affects paragraph 14 of statement of compliance nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2016.

Further, we would like to highlight below instances of non-compliance with the requirements of the Code as reflected in the paragraph reference where these are stated in the Statement of Compliance:

S. No.	Paragraph Reference	Description
i.	9	Except for those exempted, other directors have not attended any training program of Corporate Governance because approval of director is pending from SECP.
ii.	18	There is no Head of Internal Audit to act as coordinator between the Firm of external auditor and the Board.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated:

HAROON ZAKARIA & COMPANY

CHARTERED ACCOUNTANTS

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of First Dawood Investment Bank Limited (the Company) as at June 30, 2016 and the related profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that except for the matters referred to in paragraphs (a) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

It is the responsibility of the Company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. Except for the matters stated in paragraph (a) below, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion and after due verification, we report that:

- a) As at June 30, 2016, the Company has recognized deferred tax asset of Rs.679.698 million in respect of unabsorbed tax depreciation, carry forward of unused tax losses and deductible temporary differences. As stated in note 13 to the financial statements, assessment for recoverability of the said deferred tax asset on the basis of projections for future taxable income taking into account various assumptions regarding future business prospects and conditions has been carried out by the management. However, we could not substantiate deferred tax assets and relevant projections realization of which is dependent on renewal of license and availability of taxable profit which are uncertain;
- b) in our opinion, except for the possible effects of the matter described in above (a) paragraph, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- c) in our opinion:
 - i. except for the possible effects of the matters described in the above (a) paragraph, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
 - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
 - iii. the investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- d) in our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matter described in paragraphs (a) above, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement, and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2016 and of the profit, its comprehensive income, cash flows, and changes in equity for the year then ended; and



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HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

e) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

We draw attention to the following matters:

- i. note 1.3 to the financial statements describes that the Company is facing financial problems, its accumulated losses as at June 30, 2016 are in the tune of Rs.1,233.406 million, and as of that date, the Company's current liabilities exceed its current assets by Rs. 274.514 million, its licenses to carry out business are not renewed and is not being able to meet minimum equity requirements. These conditions along with other matters as stated in note 1.3 and unfunded exposures as described in note 31.1.1 given rise to uncertainties which may cast significant doubt about the Company's ability to continue as a going concern and also discusses the reasons for preparing the financial statement on going concern in note 1.4.
- ii. note 31.1.1 to the financial statements discloses guarantees issued by the Company amounting to Rs.1,088 million have been called by the beneficiaries which are under litigations along with other cases as mentioned in note 31. The ultimate outcome in these cases cannot presently be ascertained; and
- iii. note 10.5 to the financial statements discloses that the Company is not in compliance with certain requirements of NBFC Regulations. Further, as stated in note 1.2 to the financial statements appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 is currently pending at the Hon' able High Court of Sindh.
- iv. note 17.1 to the financial statements explains the reason for non- transfer of asset classified as held-for-sale and carried at lower of carrying value or recoverable amount.
- v. note 10.3 to the financial statements explains the non renewal of license of Dawood Capital management Limited as well as discusses that carrying value of its equity is based on unaudited financial statements for the year ended June 30, 2016.

Our opinion is not qualified in respect of these matters.

Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated:

Engagement Partner:
Muhammad Haroon



FIRST DAWOOD INVESTMENT BANK LIMITED

**BALANCE SHEET
AS AT JUNE 30, 2016**

	2016	2015
<u>ASSETS</u>	Rupees	Rupees
Non-Current Assets		
Property and equipment	6 1,445,909	2,289,456
Intangibles assets	7 1,083,628	1,183,678
Investment properties	8 89,848,960	89,848,960
Net investment in finance lease	9 -	185,434
Long term investments	10 174,360,744	187,477,585
Long term finances	11 -	-
Long term deposits	12 4,139,822	4,343,822
Deferred tax asset - net	13 679,698,000	198,893,526
	950,577,063	484,222,461
Current Assets		
Current & overdue portion of non-current assets	14 227,207,474	255,792,044
Short term investments	15 85,518,562	57,180,774
Placements and finances	16 13,915,413	60,443,348
Assets classified as held for sale	17 27,103,000	28,603,000
Advance against lease commitments	18 -	-
Loans and advances	19 7,235,090	8,703,768
Income tax refund	718,236	718,236
Deposits and prepayments	20 25,283,025	20,977,928
Mark-up accrued	21 -	55,811
Other receivables	22 -	-
Cash and bank balances	23 6,101,941	49,162,028
	393,082,741	481,636,937
	1,343,659,804	965,859,398
EQUITY AND LIABILITIES		
Share Capital Reserves		
Ordinary shares	24.2 1,483,900,230	1,483,900,230
Preference shares	24.3 -	-
	1,483,900,230	1,483,900,230
Capital reserves	435,100,336	335,046,528
Accumulated loss	(1,233,406,419)	(1,633,621,650)
	685,594,147	185,325,108
Share of unrealised gain on remeasurement of investments in associates	(46,791)	4,835,378
Unrealised loss on remeasurement of available-for-sale investments	(9,484,324)	(8,133,037)
	676,063,032	182,027,449
Non-Current Liabilities		
Long term loans	25 -	-
Long term deposits	26 -	18,905
	-	18,905
Current Liabilities		
Current & overdue portion of long term liabilities	27 493,510,443	515,006,962
Mark-up accrued	28 95,520,993	153,297,443
Short-term borrowings	29 61,625,243	81,418,220
Accrued and other liabilities	30 13,933,594	33,017,267
Taxation	3,006,499	1,073,152
	667,596,772	783,813,044
Contingencies and Commitments	31	
	1,343,659,804	965,859,398

The annexed notes from 1 to 51 form an integral part of these financial statements.

These financial statements have been signed by two Directors due to reasons stated in note 1.9 to the financial statements.

Director

Director



FIRST DAWOOD INVESTMENT BANK LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2016**

	2016	2015
Note	Rupees	Rupees
Income		
Lease income	5,240,703	9,586,215
Income from long term finances	179,282	16,769,936
Return on investments and deposits	9,210,716	3,470,656
Gain on sale of securities - net	5,183,695	5,666,850
Other income	15,308,090	10,407,622
	<u>35,122,486</u>	<u>45,901,279</u>
Expenses		
Administrative expenses	(41,055,839)	(41,845,235)
Finance cost - Net	(19,442,685)	(45,527,817)
	<u>(60,498,524)</u>	<u>(87,373,052)</u>
Operating loss before provisions and changes in fair value	(25,376,038)	(41,471,774)
Provisions / changes in fair value		
(Provision) / reversal of provision for potential lease and other loan losses - net	(25,835,294)	38,420,950
Impairment on available-for-sale securities	-	(4,500,812)
Impairment on asset classified as held for sale	(1,500,000)	-
Unrealized (loss) / gain on remeasurment of investments - held for trading	(492,960)	1,094,892
Liabilities written back	77,724,930	-
Surplus on revaluation of investment properties	-	18,323,960
	<u>49,896,676</u>	<u>53,338,990</u>
	<u>24,520,638</u>	<u>11,867,217</u>
Others	(1,349,575)	-
Share of loss from associates- net	(699,999)	(5,087,392)
Profit before taxation	22,471,064	6,779,825
Taxation	477,797,975	(271,132)
Profit after taxation	500,269,039	6,508,693
Earning per share - basic	3.37	0.09
Earning per share - diluted	3.37	0.09

The annexed notes from 1 to 51 form an integral part of these financial statements.

These financial statements have been signed by two Directors due to reasons stated in note 1.9 to the financial statements.

Director

Director



FIRST DAWOOD INVESTMENT BANK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	<i>2016</i>	<i>2015</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	22,471,064	6,779,825
Adjustments:		
Depreciation	840,147	1,799,354
Gain on sale of securities - net	(5,183,695)	(5,666,850)
Transfer of membership	-	(1,500,000)
Amortization	100,050	316,322
Share of loss / (profit) from associates	699,999	5,087,392
Liabilities written back	(77,724,930)	-
Finance cost	19,442,685	45,527,817
Loss / (gain) on sale of property and equipment	(782,350)	(1,790,049)
Provision / (reversal of provision) for lease and other loan losses - net	25,835,294	(38,420,950)
Impairment on available-for-sale securities	-	4,500,812
Impairment on asset classified as held for sale	1,500,000	-
Unrealized (gain) / loss on remeasurement of investments - held for trading	492,960	(1,094,892)
Surplus on revaluation of investment properties	-	(18,323,960)
Exchange gain	(254,294)	(294,130)
	(35,034,134)	(9,859,134)
	(12,563,070)	(3,079,309)
Changes in operating assets and liabilities		
(Increase) / decrease in operating assets		
Net investment in finance lease	28,439,600	24,591,846
Long term finances and deposits	11,448,508	23,921,358
Placements and finances	8,636,360	23,122,988
Assets classified as held for sale	-	66,505,166
Loans and advances	1,893,427	(645,540)
Deposits and prepayments	(4,305,097)	(3,408,032)
Mark-up accrued	(2,012)	156,222
Other receivables	1,200,000	1,445,000
	47,310,786	135,689,008
	34,747,716	132,609,699
Increase / (decrease) in operating liabilities		
Certificates of investment	-	(88,500,000)
Long term deposits	(21,515,424)	(12,623,496)
Accrued and other liabilities	(18,573,490)	19,442,949
	(5,341,198)	50,929,153
Finance cost paid	(4,388)	(463,788)
Taxes paid	(1,497,901)	(915,598)
Net cash (used in) / generated from operating activities	(6,843,487)	49,549,766



FIRST DAWOOD INVESTMENT BANK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2016

	<i>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	(126,000)	(174,000)
Proceeds from sale of property and equipment	911,750	3,400,215
Long and short term investments made - net	(17,463,667)	2,082,061
Net cash (used in) / generated from operating activities	(16,677,917)	5,308,276
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term loans	-	(31,969,396)
Short term borrowings	(19,792,977)	-
Net cash used in operating activities	(19,792,977)	(31,969,396)
Net (decrease) / increase in cash and cash equivalents	(43,314,381)	22,888,646
Foreign currency translation	254,294	294,130
Cash and cash equivalents at beginning of the year	49,162,028	25,979,252
Cash and cash equivalents at end of the year	6,101,941	49,162,028

The annexed notes from 1 to 51 form an integral part of these financial statements.

These financial statements have been signed by two Directors due to reasons stated in note 1.9 to the financial statements.

Director

Director



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED JUNE 30, 2016

	<i>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
Net profit after taxation	500,269,039	6,508,693
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Share of associates on reversal of unrealised (loss) / gain on remeasurement of investments	(4,882,169)	4,185,188
Unrealised gain on remeasurement of available-for-sale investments	(1,351,287)	(500,368)
	(6,233,456)	3,684,820
Total comprehensive income for the year	494,035,583	10,193,513

The annexed notes from 1 to 51 form an integral part of these financial statements.

These financial statements have been signed by two Directors due to reasons stated in note 1.9 to the financial statements.

Director

Director



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED JUNE 30, 2016

	SHARE CAPITAL		CAPITAL RESERVES			REVENUE RESERVES			Total
	Ordinary shares	Preference shares	Statutory reserve	Premium on issue of right shares	Capital reserve on acquisition	Share of unrealised (loss) / gain on remeasurement of associates' investments	Unrealised gain / (loss) on remeasurement of available-for-sale investments	Accumulated loss	
	Rupees								
Balance at July 1, 2014	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	650,190	(7,632,669)	(1,613,488,445)	55,600,305
Conversion of preference shares into ordinary shares	857,407,330	(715,833,540)	-	-	-	-	-	-	141,573,790
Total comprehensive income for the year									
- Profit for the year	-	-	-	-	-	-	-	6,508,693	6,508,693
- Other comprehensive income									
Share of unrealised gain on remeasurement of associates' investments	-	-	-	-	-	4,185,188	-	-	4,185,188
Unrealised gain on remeasurement of available-for-sale investments	-	-	-	-	-	-	(500,368)	-	(500,368)
Transfer to statutory reserve	-	-	1,301,739	-	-	-	-	(1,301,739)	-
Dividend on preference shares @ 4% for the year	-	-	-	-	-	-	-	(25,340,159)	(25,340,159)
Balance at June 30, 2015	1,483,900,230	-	279,023,134	53,426,910	2,596,484	4,835,378	(8,133,037)	(1,633,621,650)	182,027,449
Total comprehensive income for the year									
- Profit for the year	-	-	-	-	-	-	-	500,269,039	500,269,039
- Other comprehensive income									
Share of unrealised gain on remeasurement of associates' investments	-	-	-	-	-	(4,882,169)	-	-	(4,882,169)
Unrealised gain on remeasurement of available-for-sale investments	-	-	-	-	-	-	(1,351,287)	-	(1,351,287)
Transfer to statutory reserve	-	-	100,053,808	-	-	-	-	(100,053,808)	-
Dividend on preference shares @ 4% for the year	-	-	-	-	-	-	-	-	-
Balance at June 30, 2016	1,483,900,230	-	379,076,942	53,426,910	2,596,484	(46,791)	(9,484,324)	(1,233,406,419)	676,063,032

The annexed notes from 1 to 51 form an integral part of these financial statements.

These financial statements have been signed by two Directors due to reasons stated in note 1.9 to the financial statements.

Director

Director



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2016

1. STATUS AND NATURE OF BUSINESS

- 1.1 First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on the Karachi and Islamabad Stock Exchanges. 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 has been expired and awaiting renewal.
- 1.2 The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The appeal is pending. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Private) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited (sukuk issue), Bunny's Limited, Pak Hy-Oils Limited, and Flying Board and Paper Products Limited. The value of assets under trustee as at June 30, 2016 amounted to Rs.9.40 billion (2015: Rs. 12.330 billion).
- 1.3 The Company earned a net profit of Rs 500.269 million during the year ended June 30, 2016, its accumulated losses reached to Rs1,233.406 million as at June 30, 2016 and its current liabilities exceed current assets by Rs 274.514 million. The Company faced liquidity crunch due to aftermath of financial crisis 2008-09 which result primarily in view of unwarranted closure of KSE for all practical purpose for 109 days. The stock market nosedived by approximately 60% which resulted in withdrawal of money market lines by financial institution of NBFC sector. Owing to abrupt withdrawal of clean money market money of the Company of over Rs. 5 billion from the banking sector; the Company was unable to meet its commitments on time. To honour its commitment to creditors/lenders, the Company settled its majority of its liabilities against its assets, thus 95% of loans & liabilities have been settled and about Rs 500 millions is outstanding for which the Company is making efforts to settle in a similar manner. Presently, the equity of the Company is 676.063 million. Above factors indicate existence of uncertainties which may cast doubts on the Company's ability to continue as a going concern and accordingly Company may not be able to realize its assets and discharge its liabilities at stated amount but the company through innovative means has been able to settle various liabilities and has also covering all expenditures. Similarly and going forward, the management of the Company is confident that it will continue with the mitigation plan, as explained in the following paragraphs, which will also ensure that the company continues as going concern owing to these factors financials statement are prepared on going concern basis.

1.4 Mitigation plan

- a. The Company has successfully able to meet over many of its financial obligations through recoveries and settlements and has been able to settle majority of its liabilities and other commitments through its assets in last few years. It further plans to continue with the settlement of its remaining outstanding liabilities i.e. around Rs. 494 million.
- b. The Company is hopeful to restructure / settle the residual amount of liabilities in the forthcoming year.
- c. The Company is meeting all of its expenses since the financial turmoil of 2008-09 without any external financial support or a bail-out package. Further, the Company has adequate liquid assets in the form of bank balances and short term investments to meet its obligations / expenses in the next twelve months and more.
- d. The Company is aggressively following-up with its non-performing portfolio for recovery of principal, mark-up and repossession of collateral assets. In this respect, the management has realigned its strategy accordingly.
- e. During the year ended June 30, 2016, the Company made recoveries amounting Rs. 36.788 million which is below the expected recovery amount of Rs. 85.10 million. Major reason for the difference was slow litigation system in the country. The management is expecting to recover the amount either through auction of the collateralized assets or transfer of title of the collateralized asset through the Court order or out of court settlement.
- f. The Company expects recovery of approximately Rs. 80 to 100 million in the next two financial years.
- g. During the previous year June 30 2015, the company had made Conversion of Preference shares into ordinary shares in the following manner so as to reduce preferential payments.



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<i>Name of the lender</i>	<i>Preference Shares Amount</i>	<i>Outstanding preference dividend</i>	<i>Total Amount along with P.S. Dividend</i>	<i>Total No of Ordinary Shares to be</i>
----- Rupees -----				
Allied Bank Limited	49,677,500	8,269,600	57,947,100	5,794,710
Allied Bank Limited	49,677,500	9,940,940	59,618,440	5,961,844
IGI Investment Bank Limited	20,000,000	4,002,190	24,002,190	2,400,219
National Insurance Company Ltd	60,000,000	12,006,570	72,006,570	7,200,657
Bank Al- Falah Limited	15,000,000	3,001,640	18,001,640	1,800,164
The Bank of Khyber	140,920,000	28,199,440	169,119,440	16,911,944
National Bank of Pakistan	325,114,740	65,058,580	390,173,320	39,017,332
Askari Bank Limited	25,000,000	5,002,740	30,002,740	3,000,274
KASB Income Fund	30,443,800	6,092,090	36,535,890	3,653,589
	715,833,540	141,573,790	857,407,330	85,740,733

1.5 Expected NBF sector reforms / regime

The requirement of minimum equity is expected to be resolved with increase in deferred tax assets and company may apply on the same basis for renewal of license. It is pertinent to mention that as per new rules of NBF sector; 'SECP' has reduced minimum capital requirements to Rs 150 million (for investment financial services and leasing licences). Upon renewal of license, the company will be able to fulfill a procedural formality. The management is confident that renewal of the license an induction of foreign or local partner will be possible and / or the company may also evaluate the option of merger or acquisition. Presently, the net equity stands at Rs.676.063 which exceeding the MCR by Rs. 526.063 millions.

1.6 Future prospects

During current year recovery of Rs.36.788 million has been made against non-performing lease and advances portfolio and further recovery is also expected which will provide cash flow cushion within next two - three years. The management is confident that it will manage to continue writing back provisions as a result of expected recoveries which will result in better cash flows. Administrative expenses have been curtailed and departments have been restructured and rationalized / right sized to reduce the payroll cost and overhead expenses. The proposed reduction in financing cost through restructuring / settlements with the lenders will assist in further reducing the losses and improving the equity. This will make the Company attractive for equity participation / merger alongwith an opportunity for the existing shareholders to inject additional equity. The sponsoring directors are committed to subscribe their portion of right issue. The management is confident that the Company will be able to resume its operations upon renewal of licences and take advantage of deferred tax by writing new lease facilities.

1.7 Cases under litigation

Funded exposure

As at June 30, 2016, only one case is pending in the court of law. The financial institution has filed a recovery suit aggregated to Rs. 78.01 million in Honourable High Court .

Unfunded exposure

Total amount of letters of comfort / guarantees as at June 30, 2016 amounting to Rs. 1,088 million are under litigations. The legal counsel of the Company is confident that no funded claim will arise out of these guarantees due to non-completion of formalities prior to its issuance and some basic flaws in guarantee documentation and not meeting terms of the guarantees by the beneficiaries.

1.8 Credit rating

The Company has not sought fresh credit rating from credit rating agencies; since PACRA downgraded Company's rating to "D" in December 2009 i.e. due to prevailing unprecedented conditions in NBF sector of the Country. Management will seek fresh credit rating once the licenses are renewed and normal business functioning of the Company is commenced.

1.9 Applications for approval of directors elected in the Annual General Meeting of the Company held on October 25, 2013 are still pending with the SECP. Further, the legality of the approval process has been challenged by the Company at the Islamabad High Court which issued directives to maintain status-quo vide order of February 3, 2014, therefore, till the approval of SECP is received, directors elected in Annual General Meeting held on October 25, 2013 cannot assume charge of their office under Clause-2 of Schedule IX of the NBFC Regulations, 2008. Hence, the previous directors shall continue to hold office except Rasheed Y. Chinoy who left the charge of the Chief Executive Officer on October 29, 2013 and subsequently on January 16, 2014 resigned from the Board. As such two directors have signed these financial statements.



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- 1.10 The Company could not meet certain regulatory requirements of NBFC Regulations, 2008 including Regulation 17 (1) of NBFC Regulation, 2008 which states that "the total outstanding exposure to a single person (fund based and non-fund based) by an NBFC to a single person shall not exceed 20% of the equity of an NBFC (as disclosed in the latest financial statements) provided that maximum outstanding fund based exposure does not exceed 15% of equity of an NBFC.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the requirements of approved accounting standards as applicable in Pakistan. Approved accounting standards comprises of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984 (the Ordinance), the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulations), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules) and the directives issued by the Securities and Exchange Commission of Pakistan (SECP). Wherever, the requirements of the Ordinance, the Regulations, the Rules, or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Regulation, the Rules, the Ordinance and the said directive issued by SECP shall prevail.

The SECP has deferred the applicability of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement' and International Accounting Standard (IAS) 40, 'Investment Property' through Circular No. 19 dated August 13, 2003 for Non Banking Finance Companies (NBFCs) providing investment finance services, discounting services and housing finance services. In addition, the SECP has also deferred the applicability of International Financial Reporting Standard IFRS 7: Financial Instruments: Disclosure through SRO 411 dated April 28, 2008 to above mentioned NBFCs. Accordingly, the requirements of these standards have been considered to the extent of leasing operations of the Company and have resulted in additional disclosures in these financial statements.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except that investment properties and certain financial instruments are stated at fair value.

3 NEW / REVISED ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS, AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

<i>Standards or interpretation</i>	<i>(Effective for annual periods beginning on or after)</i>
IFRS 2 Share-Based Payments- Classification And Measurement of Share based Transactions (Amendments)	January 01, 2018
IFRS 10 IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities And IAS 28 Investment in Associates-Investment Entities: Applying the Consolidation Exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an investor and its associates or Joint venture (Amendment)	Not yet Finalized
IFRS 11 Joint Arrangements-Accounting for acquisition of interest in Joint operation (Amendment) January 01, 2016	
IAS 1 Presentation of Financial Statements-Disclosure Initiative (Amendment)	January 01, 2016
IAS 7 Financial instruments: Disclosures-Disclosure Initiative- (Amendment)	January 01, 2017
IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	January 01, 2017
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets-Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements-Equity Method in Separate Financial Statements	January 01, 2016

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application.

In addition to the above, amendments to various accounting standards have also been issued by the IASB (International Accounting Standards Board). Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Company expect that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.



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Further, the following new standards have been issued by IASB which are yet to be notified by the Securities and Exchange Commission of Pakistan (SECP) for the purpose of applicability in Pakistan.

<i>Standards</i>	<i>(Effective for annual periods beginning on or after)</i>
IFRS 9 Financial Instruments- Classification and Measurement	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018
IFRS 16 Leases	January 01, 2019

4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented unless otherwise stated.

4.1 Property and equipment

Owned

These are stated at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is charged to profit and loss account on straight line basis over the estimated useful life of the assets at the rates specified in note 6 to these financial statements after taking into account residual value, if significant. Depreciation on additions is charged from the month when the asset is available for use and on disposals upto the preceding month.

Normal repairs and maintenance are charged to income as and when incurred. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the item of property and equipment. The residual values and useful lives of assets are reviewed and adjusted, if appropriate at each balance sheet date.

Gain or loss on disposal of assets, if any, is included in the profit and loss account.

4.2 Intangibles assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Golf Club Membership Card

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged applying straight line method over estimated useful life of the Golf Club Membership Card.

4.3 Investment property

Investment property is held for long term rental yield / capital appreciation and is measured initially at its cost, including transaction costs. Subsequent to initial recognition, it is measured at its fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the year.

4.4 Net investment in lease finance

Leases where the Company transfers substantially all the risks and rewards incidental to ownership of the asset to the lessees are classified as finance leases. Net investment in lease finance is recognized at an amount equal to the aggregate of minimum lease payments including any guaranteed residual value, if any, and excluding unearned finance income, write-offs and provision for potential lease losses, if any.

4.5 Provision for potential lease and other loan losses and write offs

The provision for bad and doubtful loans and advances / potential lease losses, if any, is made in accordance with the requirements of the Non-Banking Financial Companies and Notified Entities Regulations, 2008 issued by the SECP.

Loans and advances and outstanding balances in net investment in finance lease are written off when there is no realistic prospect of recovery.



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4.6 Financial assets

The Company classifies its financial assets into the following categories:

- at fair value through profit and loss
- loans and receivables
- held-to-maturity
- available-for-sale

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of the financial asset at the time of initial recognition.

a. Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss are financial assets held for trading and financial assets designated upon initial recognition as at fair value through profit or loss. These are initially recognised at fair value and transaction costs associated with these investments are taken directly to the profit and loss account. Investments at fair value through profit and loss are marked to market using the closing market rates and are carried on the balance sheet at fair values. Net gains and losses arising on changes in the fair value of these investments are taken to the profit and loss account.

b. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than twelve months after the balance sheet date which are classified as non-current assets. Loans and receivables comprise of loans, advances, deposits, other receivables and cash and cash equivalents.

c. Held to maturity

Held to maturity investments are non-derivative financial instruments with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Investments intended to be held for an undefined period are not included in this classification. Other investments that are intended to be held-to-maturity are recognised initially at cost plus attributable transaction costs. Subsequently, these are measured at amortised cost.

For investments carried at amortised cost, gains and losses are recognised in income when the investments are derecognized or impaired. Premiums and discounts on held-to-maturity investments are amortised using the effective interest rate method and taken to income from investments.

d. Available for sale

Other financial assets not covered in any of the above categories are classified as being available for sale.

All financial assets classified as available-for-sale are initially recognised at cost, being the fair value of the consideration given including acquisition charges.

After initial recognition, financial assets which are classified as available-for-sale are remeasured at fair value. Gains or losses on available-for-sale investments are recognised directly in equity through other comprehensive income until the investment is sold, derecognized or is determined to be impaired, at which time the cumulative gain or loss previously reported in other comprehensive income is included in the profit and loss account.

For financial assets that are actively traded in organized financial markets, fair value is determined by reference to stock exchange quoted market bids at the close of business on the balance sheet date.

Unquoted financial assets, where the fair value cannot be reliably determined, are recognised at break up value less impairment, if any. Provision for impairment in value, if any, is taken to income currently.

Investment in associates

Associates are all entities over which the Company has significant influence but not control, generally represented by a shareholding of 20% to 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognized at cost.

Under the equity method, the investment in the associate is carried in the balance sheet at cost plus post acquisition changes in the Company's share of net assets of the associate. After application of the equity method, the Company determines whether it is necessary to recognize any additional impairment loss with respect to the Company's net investment in the associate. The profit and loss account reflects the share of the results of operations of the associate. Where there has been a change recognised directly in the equity of the associate, the Company recognizes its share of any changes and discloses this, when applicable, in the statement of changes in equity.

De-recognition

All investments are de-recognized when the rights to receive cash flows from the investments have expired or have been transferred and either (a) the Company has transferred substantially all risks and rewards of ownership or (b) the Company has neither transferred nor retained substantially all risks and rewards of the asset, but has transferred the control of the asset.



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4.7 Long term finances and loans

These are initially recognised at cost being the fair value of consideration given together with the associated transaction cost. These are stated at net of provisions against non-performing advances. Provisions are made in accordance with the guidance in the NBFC Regulations issued by the Securities and Exchange Commission of Pakistan. The net provision made / reversed during the year is charged to the profit and loss account and accumulated provision is netted-off against advances.

4.8 Sale and repurchase agreements

Transactions of purchase under resale (reverse-repo) of marketable securities are entered into at contracted rates for specified periods of time following the trade date accounting. Securities purchased with a corresponding commitment to resale at a specified future date (reverse-repos) are not recognized in the balance sheet. Amounts paid under these agreements in respect of reverse repurchase transactions are included in assets. The difference between purchase and resale price is treated as income and accrued over the period of the reverse repo agreement.

Transactions of sale under repurchase (repo) of marketable securities are entered into at contracted rates for specified periods of time. Securities sold with a simultaneous commitment to repurchase at a specified future date (repos) continue to be recognized in the balance sheet and are measured in accordance with accounting policies for investments. The counterparty liabilities for amounts received under these transactions are recorded as liabilities. The difference between sale and repurchase price is treated as borrowing charges and accrued over the period of the repo agreement.

4.9 Staff retirement benefits

Defined contribution plans

The Company also operates contributory provident fund for all its employees. Equal monthly contributions are made both by the Company and the employees at the rate of 10% per annum of the basic salary.

4.10 Borrowing costs

Borrowing costs are recognized as an expense in the period in which these are incurred except where such costs are directly attributable to the acquisition, construction or production of a qualifying asset in which case such costs are capitalized as part of the cost of that asset. Borrowing costs eligible for capitalization are determined using effective interest method.

4.11 Provisions

Provisions are recognized when the Company has a legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation and reliable estimate of the amount can be made. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

4.12 Taxation

Current

The charge for current taxation is based on taxable income at the current rate of taxation or minimum tax under section 113 or alternate corporate tax whichever is higher after taking into account applicable tax credit, rebates and exemption available if any. For income covered under final tax regime, taxation is based on applicable tax rates under such regime. The charge for current tax also includes adjustment for prior years or otherwise considered necessary for such year.

Deferred

Deferred tax is recognised using the balance sheet liability method on all temporary differences between the carrying amounts of assets and liabilities used for financial reporting purposes and amounts used for taxation purposes. In addition, the Company also records deferred tax asset on available tax losses. Deferred tax is calculated using the rates that are expected to apply to the period when the differences reverse based on tax rates that have been enacted or substantively enacted by the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefits will be realized.

The Company also recognizes deferred tax asset / liability on deficit / surplus on revaluation of securities / fixed assets which is adjusted against the related deficit / surplus in accordance with the requirements of International Accounting Standard (IAS-12) - Income Taxes.

4.13 Impairment

Non-financial assets

The Company assesses at each balance sheet date whether there is any indication that non-financial assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amount. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in profit and loss account. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.



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Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount of the asset which it would have been, had no impairment loss been recognized. Reversal of impairment loss is recognized as income.

Financial assets

Loans and net investment in finance lease

Impairment testing and recognition of impairment loss if any, is carried out in accordance with requirements of NBFC Regulations, 2008.

Held to maturity

The amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the investment's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit and loss account.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating) the reversal of the previously recognised impairment loss is recognised in the profit and loss account.

Available for sale

The Company determines that available-for-sale equity investments are impaired when there has been a significant or prolonged decline in the fair value below its cost. This determination of what is significant or prolonged requires judgment. In making this judgment, the Company evaluates among other factors, the normal volatility in share price. In addition, impairment is also considered when there is evidence of deterioration in the financial health of the investee, industry and sector performance, changes in technology and operational and financing cash flows.

A decline in the value of equity securities determined as impairment loss is recognized in the profit and loss account and the cumulative loss (measured as the difference between the acquisition cost and current fair value, less any impairment loss on that investment previously recognised in the profit and loss account) that had been recognised in other comprehensive income shall be reclassified from equity to the profit and loss account as a reclassification adjustment even though the investment has not been derecognized. In case of reversal of impairment loss already recognized in profit and loss account for an investment in an equity instrument classified as available for sale, the unrealized gain is recorded in statement of changes in equity. When impairment loss recognized in the profit and loss account for an investment in debt instrument is reversed, the amount of reversal is recognized in the profit and loss account.

4.14 Revenue recognition

- The Company follows the financing method in accounting for recognition of finance lease contracts. Under this method, the unearned income i.e., the excess of aggregate lease rentals and the estimated residual value over the cost of the leased asset is deferred and then amortized over the term of the lease applying the annuity method, so as to produce a constant rate of return on net investment in the finance leases. Front end fee, documentation charges, gain / losses on termination of lease contracts, commitment fee and other commissions, if any, are taken to income when earned. Revenue from finance lease is not accrued when rent is past due by ninety days or more.
- Mark-up / interest on long term finances, mortgage finances, long term loans and murabaha finances are recognised on a time proportion basis except that mark-up / interest / return on classified 'loans and investments are recognised on receipt basis.
- Return on preference shares and term finance certificate is recognized using the effective interest method.
- Dividend income from investments is recognized when the right to receive the dividend is established.
- Gain / loss on sale of investments is taken to income in the period in which it arises.
- Unrealized gains / losses arising on the remeasurement of securities classified as financial assets at fair value through profit or loss are included in the profit and loss account in the year in which they arise.
- Income on bank deposits are recognized on accrual basis.
- Rental income on investment property is recognized on an accrual basis.
- Guarantee income is recognized on time proportion basis.
- Consultancy, corporate advisory, trusteeship and custodian fees are recognized as and when services are provided.

4.15 Foreign currency transactions and translation

The financial statements are presented in Pakistan Rupees which is the Company's functional and presentation currency. Transactions in foreign currencies are accounted for in Pakistan Rupees at daily average rates. Monetary assets and liabilities in foreign currencies are translated into Pakistan Rupees at the rates of exchange prevailing at the balance sheet date. Exchange gains and losses from the settlement of foreign currency transactions and translation of monetary assets and liabilities at the balance sheet date rates are included in profit and loss account.



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4.16 Financial instruments

All financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized when the Company loses control of the contractual rights that comprise the financial assets. Financial liabilities are derecognized when they are extinguished i.e., when the obligation specified in the contract is discharged, cancelled or expired. Any gain or loss on de-recognition of the financial assets and financial liabilities is taken to income directly.

4.17 Offsetting

A financial asset and financial liability is off-set and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the transactions and also intends either to settle on a net basis or to realize the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set with each other.

4.18 Fiduciary assets

Assets held in trust or in a fiduciary capacity are not treated as assets of the Company and accordingly are not included in these financial statements.

4.19 Assets classified as held for sale

These assets are acquired in settlement of certain loans / lease receivables. The Company classifies asset as held for sale if its carrying amount will be recovered principally through a sale transaction rather than through continuing use.

Asset held for sale is carried at the lower of its carrying amount and the fair value less costs to sell. Impairment losses are recognised though the profit and loss account for any initial or subsequent write down of the non-current asset to fair value less costs to sell. Subsequent gains in fair value less costs to sell are recognised to the extent they do not exceed the cumulative impairment losses previously recorded. Asset held for sale is not depreciated.

4.20 Cash and cash equivalents

Cash and cash equivalents comprise cash balances and bank deposits. For the purpose of statement of cash flows, cash and cash equivalents are presented net of short term borrowings if any which are repayable on demand or in the short term and form an integral part of the Company's cash management.

4.21 Earnings per share

Basic Earnings Per Share (EPS) is calculated by dividing profit after tax attributable to ordinary shareholders adjusted for the after-tax amounts of preference dividends on preference shares classified as equity by the weighted average number of ordinary shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding adjusted for the effects of all dilutive potential ordinary shares.

4.22 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resources allocation and performance assessment. Segment results, assets and liabilities includes items directly attributable to segment as well as those that can be allocated on a reasonable basis.

4.23 Dividend distributions and appropriations

Dividend distributions and appropriations other than statutory appropriations are recorded in the period in which they are approved.

5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make estimates, assumptions and use judgment that affect the application of policies and the reported amount of assets, liabilities, income and expenses.

Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognized prospectively commencing from the period of revision. Areas where judgments and estimates made by the management that may have a significant risk of material adjustments to the financial statements in the subsequent year are as follows:

- a. Residual values and useful lives of property and equipment (note 4.1).
- b. Residual values and useful lives of intangible asset (note 4.2).
- c. Provision for potential losses and other loan losses (note 4.5);
- d. Classification of financial assets (note 4.6);
- e. Current and deferred taxation (note 4.12); and
- f. Impairment on financial and non-financial assets (note 4.13).



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	Note	2016 Rupees	2015 Rupees
6 PROPERTY AND EQUIPMENT	6.1	1,445,909	2,289,456

6.1 Operating fixed assets

2016	COST			ACCUMULATED DEPRECIATION			value at June 30, 2016	Rate of depreciation %
	At July 01, 2015	Additions / (deletions)	At June 30, 2016	At July 01, 2015	For the year / (on deletions)	At June 30, 2016		
----- Rupees -----								
Owned								
Furniture and fixtures	171,235	-	171,235	76,963	17,125	94,088	77,147	10
Office equipment	3,517,189	92,000	3,609,189	3,313,231	178,896	3,492,127	117,062	20
Computer equipment	4,829,099	-	4,829,099	4,807,280	12,043	4,819,323	9,776	33.33
Vehicles	8,973,650	34,000	7,244,650	7,004,243	632,083	6,002,726	1,241,924	20
		(1,763,000)			(1,633,600)			
2016	17,491,173	126,000	15,854,173	15,201,717	840,147	14,408,264	1,445,909	
		(1,763,000)			(1,633,600)			
2015	22,111,313	174,000	17,491,173	16,586,338	1,799,354	15,201,717	2,289,456	
		(4,794,140)			(3,183,975)			

6.1.1 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds/ Insurance Claim	Gain/(Loss) on disposal	Mode of Disposal	Particulars of buyer/Insurer
----- Rupees -----							
Vehicle							
Cultus-VXR AUM-245	842,000	785,867	56,133	635,000	578,867	Quotation	A.A. Azam motor works
Cultus-VXR ATZ-957	827,000	827,000	-	206,750	206,750	Benefit to employee	Naveed Ahmed
Bike KIA-9228	47,000	10,367	36,633	35,000	(1,633)	Snatched	Jubilee insurance
Bike KIA-9216	47,000	10,366	36,634	35,000	(1,634)	Snatched	Jubilee insurance
2016	1,763,000	1,633,600	129,400	911,750			
2015	4,794,140	3,183,975	1,610,165	3,400,215			

6.1.2 Cost of fully depreciated assets still in use is Rs. 12.102 million (2015 : Rs.10.372 million).

	Note	2016 Rupees	2015 Rupees
7 INTANGIBLES ASSETS			
Golf Club Membership Card	7.1	1,083,628	1,183,678
7.1 Golf Club Membership Card			
Opening net book value		1,183,678	-
Addition		-	1,500,000
Amortization charge	7.2	(100,050)	(316,322)
Closing net book value		1,083,628	1,183,678
As at June 30, 2016			
Cost		1,500,000	1,500,000
Accumulated amortization		(416,372)	(316,322)
		1,083,628	1,183,678
Rate of amortization (%)		6.67%	6.67%

7.2 It also includes amortization related to previous years membership utilized.



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8 INVESTMENT PROPERTIES

	<i>Note</i>	<i>2016 Rupees</i>	<i>2015 Rupees</i>
Balance at beginning of the year		89,848,960	71,525,000
Gain on fair value adjustment		-	18,323,960
Balance at end of the year		89,848,960	89,848,960

8.1 Fair value of the investment properties as at June 30, 2016 has been determined by the professional valuer which is registered on the panel of Pakistan Banks' Association (PBA) and NBF & Modaraba Association of Pakistan. The main criteria of valuation for the assessment of investment properties include:

- property brokers, dealers and estate agents are contacted to ascertain the asking and selling prices for the properties of the same nature in the immediate neighbourhoods and adjoining areas.
- properties which are recently sold and their respective selling prices.
- properties which are offered for sale and their asking price in the prevailing market.
- nature of property.

8.2 The title of these investment properties have been mortgaged with a DFI as a collateral against the guarantee provided to Asian Development Bank on behalf of the Company.

9 NET INVESTMENT IN FINANCE LEASE

	<i>Note</i>	<i>2016 Rupees</i>	<i>2015 Rupees</i>
Net investment in finance lease	9.1	518,020,492	559,291,915
Provision for potential lease losses	9.2	(397,330,918)	(410,238,033)
		120,689,574	149,053,882
Current portion shown under current assets	9.3	(120,689,574)	(148,868,448)
		-	185,434

	<i>Note</i>	<i>Less than one year</i>	<i>More than one year and less than five years</i>	<i>Total</i>
<i>- Rupees -</i>				

9.1 Particulars of net investment in finance lease

2016

Minimum lease payments receivable	9.1.1	574,085,350	-	574,085,350
Residual value of leased assets		61,186,782	-	61,186,782
		635,272,132	-	635,272,132
Unearned finance income		(8,051)	-	(8,051)
Mark-up held in suspense		(117,243,589)	-	(117,243,589)
Net investment in lease finance		518,020,492	-	518,020,492

2015

Minimum lease payments receivable	9.1.1	588,353,072	174,580	588,527,652
Residual value of leased assets		93,237,701	18,905	93,256,606
		681,590,773	193,485	681,784,258
Unearned finance income		(44,112)	(8,051)	(52,163)
Mark-up held in suspense		(122,440,180)	-	(122,440,180)
Net investment in lease finance		559,106,481	185,434	559,291,915

9.1.1 As at June 30, 2016, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounted to Rs. 444.03 million (2015 : Rs. 452.772 million). The forced sale value benefit considered against these non-performing lease portfolio was Rs 46.70 million (2015: Rs 45.823 million).

9.1.2 The lease finances carry mark up ranging from six month KIBOR plus spread of 2% to 5% (2015: six month KIBOR plus spread of 2% to 5%) per annum having maturity upto 5 years and are secured against leased assets.



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	<i>Note</i>	<i>2016</i> <i>Rupees</i>	<i>2015</i> <i>Rupees</i>
9.2 Provision for potential lease losses			
Balance at beginning of the year		410,238,033	452,992,042
(Reversal) / charge for the year - net	36	(75,292)	(42,754,009)
Written off during the year		(12,831,823)	-
Balance at end of the year		<u>397,330,918</u>	<u>410,238,033</u>
9.3 Current portion of finance lease - net of provision			
Finance lease	9.1	518,020,492	559,106,481
Provision for potential lease losses	9.2	(397,330,918)	(410,238,033)
	14	<u>120,689,574</u>	<u>148,868,448</u>
10 LONG TERM INVESTMENTS			
Investments in:			
- Associates - equity method	10.1 - 10.5	174,076,054	179,658,222
- US dollar bond - available-for-sale		-	7,819,363
- Defence Saving Certificates - held to maturity		284,690	-
		<u>174,360,744</u>	<u>187,477,585</u>
10.1 Movement of investment in associates			
Balance at beginning of the year		179,658,222	180,560,426
Share of loss	40	(699,999)	(5,087,392)
Share of reversal of deficit on revaluation of available-for-sale investments recognised in other comprehensive income		(4,882,169)	4,185,188
Balance at end of the year		<u>174,076,054</u>	<u>179,658,222</u>

10.1.1 The summarized financial information of the associates are as follows.

	<i>Holding %</i>	<i>Period ended</i>	<i>Basis of financial statements</i>	<i>Total assets</i>	<i>Total liabilities</i>	<i>Equity</i>	<i>Revenue</i>	<i>(Loss) / profit after tax</i>
----- Rupees -----								
2016								
Dawood Capital Management Limited Chief Executive: Tara Uzra Dawood	15.00	June 30, 2015	Unaudited	129,446,771	1,528,378	127,918,393	339,034	(12,413,676)
B.R.R. Investments (Private) Limited Chief Executive: Ayaz Dawood	41.63	June 30, 2016	Unaudited	112,005,683	4,860,550	107,145,133	9,453,010	1,861,420
Dawood Family Takaful Limited Chief Executive: Mr. Nasir Mehmood	26.57	March 31, 2016	Unaudited	2,423,718,144	2,052,912,838	370,805,306	4,513,225	(22,023,885)
2015								
Dawood Capital Management Limited Chief Executive: Tara Uzra Dawood	15.00	June 30, 2015	Unaudited	129,446,771	1,528,378	127,918,394	339,034	(12,413,676)
B.R.R. Investments (Private) Limited Chief Executive: Ayaz Dawood	41.63	June 30, 2015	Unaudited	120,935,642	6,876,000	114,059,642	18,126,268	4,377,858
Dawood Family Takaful Limited Chief Executive: Mr. Nasir Mehmood	26.57	March 31, 2015	Unaudited	1,809,300,580	1,384,026,031	425,274,549	1,269,430,108	(21,640,032)



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10.2 Carrying value of investment in associates

2016	2015		2016	2015
Number of Shares		Name of associate	Rupees	Rupees
2,246,070	2,246,070	Dawood Capital Management Ltd.	30,955,518	19,187,752
4,762,100	4,762,100	B.R.R. Investments (Private) Limited	44,604,933	47,483,471
19,926,010	19,926,010	Dawood Family Takaful Limited	98,515,603	112,986,999
			<u>174,076,054</u>	<u>179,658,222</u>

10.3 The license of the one of the associated company i.e. Dawood Capital Management Limited for carrying out assets management services has not been renewed but management fees has been received. Currently share of equity is recognized based on un audited financial statements for the year ended June 30, 2016.

10.4 It includes 6,466,010 shares of Dawood Family Takaful Limited which have been pledged with Nazir, High Court of Sindh in pursuant to litigation with one of the lenders of the Company.

10.5 As per Regulation 19 (g) and 17 (2) of Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations), an NBFC shall not hold shares of an amount exceeding 15% of the paid-up share capital of that company or 15% of its own equity, whichever is less. As at June 30, 2016, the Company holds 41.63% shares of B.R.R. Investments (Private) Limited and 26.57% shares of Dawood Family Takaful Limited. The management is in process of taking steps to reduce investments in these associates in order to comply with the said requirements of NBFC Regulations.

	Note	2016 Rupees	2015 Rupees
11 LONG TERM FINANCES			
Term finance facilities - secured	11.1 - 11.3	265,161,183	276,405,691
Provision for doubtful finances	11.4	(158,643,283)	(169,482,095)
		<u>106,517,900</u>	<u>106,923,596</u>
Current portion shown under current assets	14	(106,517,900)	(106,923,596)
		<u>-</u>	<u>-</u>

11.1 The reconciliation of long term finance is as under:

Balance at beginning of the year	276,405,691	279,877,585
Received during the year	(11,244,508)	(3,471,894)
Written off during the year	-	-
Balance at end of the year	<u>265,161,183</u>	<u>276,405,691</u>

11.2 The mark-up / profit rates on these facilities ranges from 13.5% to 15.1% (2015: 13.5% to 15.1%) per annum subject to change in SBP discount rate and KIBOR. These are secured against mortgage of immovable properties.

11.3 As at June 30, 2016, long term finance of Rs.253.26 million (2015 : Rs. 224.008 million) have been placed under non-performing status. The forced sales value benefits considered against these non-performing finances amounted to Rs. 94.61 million (2015 : Rs. 54.61 million).

	Note	2016 Rupees	2015 Rupees
11.4 Particulars of provision for doubtful receivables			
Balance at beginning of the year		169,482,095	148,392,809
Provision during the year		4,291,041	42,480,922
Reversals for the year - net	36	(15,129,853)	(21,391,636)
Balance at end of the year		<u>158,643,283</u>	<u>169,482,095</u>

12 LONG TERM DEPOSITS

Security Deposit	-	204,000
Security Deposite-NCCPL	4,139,822	4,139,822
	<u>4,139,822</u>	<u>4,343,822</u>



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	<i>Note</i>	2016 Rupees	2015 Rupees
13 DEFERRED TAX ASSET - NET			
Deferred tax asset - net		<u>679,698,000</u>	<u>198,893,526</u>
13.1 Deductible temporary differences arising in respect of:			
Deficit on revaluation of investments		-	1,752,206
Difference in accounting and tax base of fixed assets		-	269,502
Provision for lease losses and doubtful receivables		334,234,909	176,584,777
Share of loss of associates		-	(889,227)
Carry forward of tax losses		<u>345,463,091</u>	<u>247,519,513</u>
		<u>679,698,000</u>	<u>425,236,771</u>
Taxable temporary differences arising in respect of:			
Difference in accounting and tax base of net investment in lease finance		-	(227,655,745)
Reversal of impairment		-	1,312,500
		-	<u>(226,343,245)</u>
Net deferred tax asset-recognized		<u>679,698,000</u>	<u>198,893,526</u>

- 13.2 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 asset will be realized in the future.

	<i>Note</i>	2016 Rupees	2015 Rupees
14 CURRENT & OVERDUE PORTION OF NON-CURRENT ASSETS			
Net investment in finance lease	9	120,689,574	148,868,448
Long-term finances	11	<u>106,517,900</u>	<u>106,923,596</u>
		<u>227,207,474</u>	<u>255,792,044</u>
15 SHORT TERM INVESTMENTS			
Available-for-sale			
Term finance certificates / sukuk bonds	15.1	29,926,083	-
Unquoted shares	15.2	12,980,907	14,332,194
Preference shares	15.3	377,668	377,668
		<u>43,284,658</u>	<u>14,709,862</u>
Less: Provision for impairment in preference shares		<u>(377,668)</u>	<u>(377,668)</u>
		<u>42,906,990</u>	<u>14,332,194</u>
Less: Impairment in unquoted shares		-	-
		<u>42,906,990</u>	<u>14,332,194</u>
At fair value through profit or loss - held for trading			
Quoted equity securities	15.4	17,381,027	42,848,580
Quoted equity securities -Sold in future	15.5	25,230,545	-
		<u>85,518,562</u>	<u>57,180,774</u>



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15.1 Term finance certificates / sukuk bonds

2016	2015			2016	2015
<i>Number of Certificates / Bonds</i>				Rupees	Rupees
3,000	3,000	Quoted		15,000,000	15,000,000
82	82	Invest Capital Investment Bank Ltd.	<i>Note</i>	186,276	186,276
		Trust Investment Bank Limited		15,186,276	15,186,276
		Un-quoted			
1,123	1,123	Gharibwal Cement Limited		5,550,000	5,550,000
1,023	1,023	New Allied Electronics (Pvt.) Ltd.		4,348,775	4,348,775
				9,898,775	9,898,775
		Un-quoted-Related party			
13,727	-	BRR Guardian			
		Modaraba	15.1.1	29,926,083	-
		Impairment in value of investments	15.1.2	55,011,134	25,085,051
		Unrealized gain on remeasurement of investments	15.1.3	(25,085,051)	(25,085,051)
				-	-
				29,926,083	-

15.1.1 BRR Guardian Modaraba-Related party

	2016	2015
	Rupees	Rupees
Gross	46,757,594	-
Less: Redemption	(9,817,872)	-
Less: Discount on purchase	(7,013,639)	-
	29,926,083	-

15.1.2 Movement in provision for impairment in value of investments

Balance at beginning of the year	25,085,051	21,335,051
Impairment/(Reversal) during the year	-	3,750,000
Balance at end of the year	25,085,051	25,085,051

Significant terms and conditions relating to term finance certificates having face value of Rs. 5,000 each are as follows :

Particulars	Maturity Date
Quoted	
Invest Capital Investment Bank Limited Chief Executive: Mr. Muhammad Asif	September 05, 2013
Trust Investment Bank Limited Chief Executive: Mr. Shahid Iqbal	July 04, 2013
Un-quoted	
Gharibwal Cement Limited Chief Executive: M. Tauseef Paracha	September 01, 2012
New Allied Electronics (Private) Limited Chief Executive: Mr. Mian Pervaiz	November 01, 2012



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The Company has made required provision against all these outstanding TFCs.

15.1.3 TFCs of Invest Capital Investment Bank Limited amounting to Rs. 15 million (2015: Rs. 15 million) have been pledged with a DFI against the guarantee provided to Asian Development Bank on behalf of the Company.

15.1.4 TFCs aggregated to Rs. 10.08 million (2015: Rs. 10.08 million) have been pledged with Nazir, High Court of Sindh in pursuant to the litigation with one of the lenders of the Company.

15.2 Un-quoted equity securities

Fully paid ordinary shares of Rs.10 each:

	2016	2015		2016	2015
	<i>Number of Shares</i>		<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
	2,512,299	2,512,299	Burj Bank Limited	24,950,489	24,950,489
	2,518,454	2,518,454	First Pakistan Securities Ltd.	36,000,000	36,000,000
	-	2,396,881	World Bridge Connect (Pvt.) Ltd.	-	23,968,810
				60,950,489	84,919,299
Impairment loss					
First Pakistan Securities Limited				(36,000,000)	(36,000,000)
World Bridge Connect (Private) Limited				-	(23,968,810)
				(36,000,000)	(59,968,810)
Unrealised loss on remeasurement of investments			15.2.2	(11,969,582)	(10,618,295)
				12,980,907	14,332,194

15.2.1 These shares have been pledged with Nazir, High Court of Sindh in pursuant to the litigation with one of the lenders of the Company.

	2016	2015
	<i>Rupees</i>	<i>Rupees</i>
15.2.2 Movement in unrealized loss on remeasurement of investments		
Balance at beginning of the year	(10,618,295)	(9,319,790)
Unrealised loss during the year	(1,351,287)	(1,298,505)
Balance at end of the year	(11,969,582)	(10,618,295)

15.2.2.1 Impairment loss is recorded n break up value of Rs 5.167 per share based on unaudited financial statements as on March 31, 2016 as latest available.

	2016	2015
	<i>Rupees</i>	<i>Rupees</i>
15.3 Preference shares		
	2016	2015
	<i>Number of Shares</i>	
	75,500	75,500
Quoted		
Azgard Nine Ltd.		
Less: Provision for impairment	377,668	377,668
	(377,668)	(377,668)
	-	-

15.3.1 These represent cumulative redeemable convertible preference shares carried dividend at the rate of 0% (2015: 8.95%) per annum. These were matured on November 21, 2010. However, due to default in repayment at maturity dates, full provision has been made against these preference shares.



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15.4 Quoted equity securities

Fully paid ordinary shares of Rs.10

2016	2015		2016	2015
Number of Shares			Rupees	Rupees
8,600	8,600	Allied bank limited	773,657	859,484
-	1,000	Attock Refinery Limited	-	228,450
55,000	20,000	Bank Of Punjab	442,200	182,600
10,000	5,000	BYCO Petroleum Pakistan Limited	205,400	115,700
300	860	Cherat Cement Limited	35,870	74,846
2,500	-	Crescent Steel & Allied Product	286,525	-
576	720	Dawood Hercules Corporation Limited	85,781	84,074
-	1,000	Dawood Lawrencepur Limited	-	115,000
3,000	20,000	Fatima fertilizer Limited	101,820	781,800
20,000	30,000	Fauji Fertilizer Bin Qasim Limited	1,060,201	1,659,601
-	6,000	Fauji Fertilizer Company Limited	-	896,520
18,400	648	GlaxoSmithKline Pakistan Limited	3,096,294	126,710
98	5,898	Habib Bank Limited	19,361	623,505
7,500	-	Hi-Tech Lubricants Limited	443,776	-
202,500	796,500	K-Electric Limited	1,632,149	6,910,656
-	164	Lafarge Pakistan Cement Ltd	-	3,191
2,000	2,000	Linde Pakistan Limited	209,000	279,800
180,000	115,000	Lotte Chemical Pakistan Limited	1,081,800	795,800
-	3,100	Mari Petroleum Company Limited	-	1,452,660
2,451	2,941	Murree Brewery Company Limited	1,514,740	2,735,098
-	3,000	Nirala MCR Foods Ltd	-	47,970
2,400	2,200	National Refinery Limited	1,140,960	510,532
-	5,500	Nishat Mills Ltd	-	628,265
-	235,497	Pak Elektron Limited	-	19,485,021
10,120	7,920	Pakistan Petroleum Limited	1,569,107	1,300,940
12,500	5,000	Pakistan Telecommunication Company Limited	187,875	102,500
8,000	-	Pace Pakistan Limited	50,000	-
58,550	-	Pakistan International Bulk Terminal Limited	1,877,698	-
270	270	Siemens Pakistan Engineering Company Limited	268,536	344,042
-	23,500	Sui Northern Gas Pipelines Limited	-	346,585
-	35,500	Sui Southern Gas Company Limited	-	1,515,850
4	2,000	Searl Pakistan Limited	2,145	641,380
289,940	-	Silkbank Limited	492,896	-
16,250	-	Treet Corporation	803,237	-
			17,381,027	42,848,580

15.4.1 These include shares having a market value aggregating to Rs.3.228 million (2015: Rs. 7.757 million) which have been pledged with National Clearing Company of Pakistan Limited in terms of Circular No. 11 dated October 23, 2007 issued by the SECP.

15.5 Deliverable Future Contracts

The following shares appearing in CDC has been sold in future are as follows:

2016	2015		2016	2015
Number of Shares			Rupees	Rupees
15,500	-	Adamjee Insurance Company	787,675	-
29,500	-	Askari Bank Limited	543,550	-
10,000	-	Bank Alfalah Limited	268,000	-
431,500	-	The Bank Of Punjab	3,605,150	-
2,500	-	Cherat Cement Company Limited	308,000	-
177,000	-	Dewan Cement Limited	2,495,350	-
852,000	-	K-Electric Limited	6,873,505	-



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2016	2015		2016	2015
Number of Shares			Rupees	Rupees
145,500	-	Nishat (Chunian) Limited	5,337,170	-
18,000	-	Pakcem Limited	320,940	-
29,000	-	Power Cement Limited	318,105	-
31,000	-	Pakistan Telecommunication	476,900	-
10,000	-	Sui Northern Gas Pipelines Limited	364,500	-
10,000	-	Sui Southern Gas Company Limited	283,800	-
160,500	-	TPL Trakker Limited	2,220,885	-
29,500	-	TRG Pakistan Limited - Class 'A'	1,027,015	-
			25,230,545	-

15.5.1 The above securities are valued at contracted selling price and difference between purchase and selling price is placed in unrealized gain/loss on remeasurement of investment.

16	PLACEMENTS AND FINANCES	Note	2016 Rupees	2015 Rupees
	Placement - unsecured	16.1	6,000,000	9,000,000
	Provision for doubtful placement	16.1.1	-	(9,000,000)
			6,000,000	-
	Financing against shares	16.2	155,823,260	306,756,172
	Provision for doubtful finances	16.2.1	(155,823,260)	(306,756,172)
			-	-
	Short-term finances - secured	15.3 & 15.3.1	11,300,000	32,717,935
	Provision for doubtful finances	16.3.2	(11,300,000)	(11,300,000)
			-	21,417,935
	Certificates of deposit		5,000,000	5,000,000
	Provision for doubtful finance		(5,000,000)	(5,000,000)
			-	-
	Murabaha / musharika finances - secured	16.4	87,624,717	87,624,717
	Provision for doubtful finances	16.4.1	(79,709,304)	(48,599,304)
			7,915,413	39,025,413
			13,915,413	60,443,348

16.1 The said facility has been restructured in October 2013. As per the restructuring terms, the customer / borrower paid Rs.5.5 million till June 2015 and agreed to repay the balance principal amount of Rs.9.0 million in three equal annual installments of Rs 3 million with zero mark up, upto October 30, 2017. This facility is secured by way of registered hypothecation charge of present and future receivables of the customer.

16.1.1	Movement in provision for doubtful placement	2016 Rupees	2015 Rupees
	Balance at beginning of the year	9,000,000	12,000,000
	Charge/(Reversal) for the year	(9,000,000)	(3,000,000)
	Balance at end of the year	-	9,000,000

16.2 These financing were made to a company and individuals in the normal course of business and matured on June 30, 2009.

16.2.1	Movement in provision for doubtful financing against shares	2016 Rupees	2015 Rupees
	Balance at beginning of the year	306,756,172	306,756,172
	(Written off) during the year	(150,932,912)	-
	Balance at end of the year	155,823,260	306,756,172

16.3 These are secured by mortgage of properties and ranking charge over hypothecation of stock and matured on June 30, 2009.



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		2016	2015
16.3.1 The reconciliation of short term finances-secured is as under:	Rupees>Note		Rupees
Balance at beginning of the year		32,717,935	50,581,567
Received during the year		(5,636,360)	(17,863,632)
Written off during the year	36	(15,781,575)	-
Balance at end of the year		11,300,000	32,717,935
16.3.2 Movement in provision for doubtful finances			
Balance at beginning of the year		11,300,000	21,990,943
Charge/(Reversal) for the year		-	(10,690,943)
Balance at end of the year		11,300,000	11,300,000
16.4	These are secured by way of mortgage of properties, hypothecation of all present and future stocks, receivables, demand promissory note and personal guarantee of directors and borrowers. These facilities were matured on June 30, 2009.		
16.4.1 Movement in provision for doubtful murabaha / musharika finances		2016	2015
		Rupees	Rupees
Balance at beginning of the year		48,599,304	52,176,474
Charge/(Reversal) for the year		31,110,000	(3,577,170)
Balance at end of the year		79,709,304	48,599,304
16.5	As at June 30, 2016, an amount of Rs 259.75 million (June 30, 2015: Rs 432.095 million) related to finances has been placed under non performing status. Provision against non performing finances is made after netting off forced sale values of the collateral assets which amounted to Rs.7.92 million (June 30, 2015 : Rs.60.44 million).		
17 ASSETS CLASSIFIED AS HELD FOR SALE	Note	2016	2015
		Rupees	Rupees
Balance at beginning of the year		28,603,000	95,108,166
Assets disposed off during the year		-	(66,505,166)
Impairment in value of Asset classified as held for sale		(1,500,000)	-
Balance at end of the year	17.1	27,103,000	28,603,000
17.1	These represent repossessed assets consisting of land and buildings previously held as collateral against lease and other finances. The Company intends either to dispose of these assets to recover the outstanding amount of respective leases and other finances or to settle its liabilities against these assets. Balance of Rs. 27.103 million (June 30, 2015 : Rs. 28.603 million) represent two properties situated at Patoki and Gulshan-e-Maymar respectively. In case of former property Honourable Lahore High Court has ordered to transfer the ownership in name of company and buyer is also identified but sale is pending owing to peaceful transfer of possession for which buyer has written to the Company to take steps. Currently legal advisor has former that party in possession is willing to purchase the land however, the land is carried at it's previous values which is lower than the current fair value i.e. Rs 30.297 Million. In latter property the company has agreed to sell the property to buyer at a price i.e Rs 2 Million for which the company has received token money also, furthermore the property is valued at the agreed price which is considered as the fair value and is lower than previous carrying value.		
18 ADVANCE AGAINST LEASE COMMITMENTS		2016	2015
		Rupees	Rupees
Considered doubtful		35,696,247	35,696,247
Provision for doubtful advances		(35,696,247)	(35,696,247)
		-	-



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		2016	2015
	Note	Rupees	Rupees
19 LOANS AND ADVANCES			
Considered good			
Advance for purchase of shares		-	70,000
Advance income tax		4,466,888	4,042,138
Loan to employee		265,502	2,617,002
Advance rent		2,502,700	1,307,416
Others		-	667,211
		<u>7,235,090</u>	<u>8,703,768</u>
Considered - Doubtful			
Short term advance - Dawood Power Limited (associated company)		3,000,920	3,000,920
Less : Provision for doubtful advances		(3,000,920)	(3,000,920)
		<u>-</u>	<u>-</u>
		<u>7,235,090</u>	<u>8,703,768</u>
20 DEPOSITS AND PREPAYMENTS			
Margin deposit receivable from NCCPL	20.1	25,230,979	20,590,673
Prepayments		52,046	387,255
		<u>25,283,025</u>	<u>20,977,928</u>
20.1	This represents margin held by National Clearing Company of Pakistan Limited against deliverable future contracts.		
21 MARKUP ACCRUED			
Placement and finances		-	55,811
22 OTHER RECEIVABLES			
Considered doubtful			
Decretal amount receivable	22.1	37,302,430	37,302,430
TFC proceeds receivable from Bankers Equity Limited		12,365,100	12,365,100
Receivable against lease termination		71,403,040	72,603,040
Receivable against KSE Card transaction-net	22.2	45,515,114	45,515,114
Accounts receivable - others		5,295,096	5,295,096
Brokerage receivable		636,660	636,660
		<u>172,517,440</u>	<u>173,717,440</u>
Less : Provision for doubtful receivables	22.3	(172,517,440)	(173,717,440)
		<u>-</u>	<u>-</u>
22.1	This relates to decree of recovery for Rs. 64.412 million which was awarded by the Banking Court under the Banking Companies (Recovery of Loans, Advances, Credits and Finance), Act of 1997. The Company has the possession of assets, the forced sale value of which is fairly higher than the carrying value. Further, the Company also holds additional security by way of equitable mortgage on factory land and building, the possession of which is in the Company's hands. A partial amount was received by the Bank and PICL on sale of machinery of Regent Dyeing. Sale of land and building has yet to be accomplished by FDIBL and PICL, which is under process. However, as a matter of prudence the Company has made provision in this regard.		
22.2	The Company had purchased Pakistan Stock Exchange Limited (PSX) membership card on behalf of one of its customer amounting to Rs.149.7 million. The customer paid an advance amounting Rs.104.2 million to the Company for this purchase which is netted off against this receivable. Currently the membership card is under litigation due to a case filed against the PSX member from whom that card was purchased. The Company has made provision against this receivable as a matter of prudence. As at June 30, there was no change in the status of case as it was fixed for hearing of application.		
22.3 Movement in provision for doubtful receivables			
		2016	2015
		Rupees	Rupees
Balance at beginning of the year		173,717,440	175,162,440
(Reversal) / charge during the year	37	(1,200,000)	(1,445,000)
Balance at end of the year		<u>172,517,440</u>	<u>173,717,440</u>



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23 CASH AND BANK BALANCES

	Note	2016 Rupees	2015 Rupees
With banks			
- In deposit accounts	23.1	5,919,815	49,141,173
- In current accounts		182,126	20,855
		<u>6,101,941</u>	<u>49,162,028</u>

23.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 4.52% to 7% (2015: 4.52% to 7%).

24 SHARE CAPITAL

24.1 Authorized

2016 Number of Shares	2015 Number of Shares	Note	2016 Rupees	2015 Rupees
75,000,000	75,000,000	Ordinary shares of Rs.10 each	750,000,000	750,000,000
75,000,000	75,000,000	Preference shares of Rs.10 each	750,000,000	750,000,000
<u>150,000,000</u>	<u>150,000,000</u>		<u>1,500,000,000</u>	<u>1,500,000,000</u>
		Ordinary or preference shares of Rs.10 each		
<u>150,000,000</u>	<u>150,000,000</u>	24.1.1	<u>1,500,000,000</u>	<u>1,500,000,000</u>

24.1.1 During the previous year the company has changed clause V of its Memorandum of Association whereby the company has been authorized to issue 150,000,000 of Rs.10 each either in ordinary or preference shares.

24.2 Issued, subscribed and paid-up

2016 Number of Shares	2015 Number of Shares	Note	2016 Rupees	2015 Rupees
		Fully paid ordinary shares of Rs.10 each issued:		
35,685,382	35,685,382	- for cash	356,853,820	356,853,820
26,491,821	26,491,821	- issued as bonus shares	264,918,210	264,918,210
85,740,733	85,740,733	- issued against preference shares and its dividend	857,407,330	857,407,330
472,087	472,087	- issued on acquisition	4,720,870	4,720,870
<u>148,390,023</u>	<u>148,390,023</u>		<u>1,483,900,230</u>	<u>1,483,900,230</u>

24.2.1 During the previous year June 30, 2015 the company had converted its preference shares amounting to Rs.715,833,540 and accrued dividend payable on these preference shares amounting to 141,573,814 into ordinary shares. The company has one class of ordinary shares which carry no right to fixed income.

24.2.2 At June 30, 2016 associated undertakings, namely Dawood Capital Management Limited holds 2,382,641 (2015: 2,382,641), BRR Guardian Modaraba holds 3,342,562 (2015: 3,342,562) and BRR Investments (Private) Limited holds 490,591 (2015: 490,591) ordinary shares of the Company.

25 LONG TERM LOANS
- Secured

	Note	2016 Rupees	2015 Rupees
Commercial banks	25.1	432,573,673	432,573,673
Asian Development Bank	25.2	-	-
		<u>432,573,673</u>	<u>432,573,673</u>
Current portion shown under current liabilities	27	<u>(432,573,673)</u>	<u>(432,573,673)</u>
		<u>-</u>	<u>-</u>

25.1 Reconciliation of commercial bank loans

Balance at beginning of the year	432,573,673	432,573,673
Repaid / settled during the year	-	-
Balance at end of the year	<u>432,573,673</u>	<u>432,573,673</u>



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25.1.1 These are secured against hypothecation of assets including book debts of the Company ranking pari passu, with the charge created in favour of other lenders to secure short term borrowings. These are subject to mark-up rate ranging from 0% to 5% (2015: 0% to 5%) per annum payable on quarterly / half yearly basis.

	2016 Rupees	2015 Rupees
25.2 Reconciliation of Asian Development Bank Loan		
Balance at beginning of the year	-	10,880,107
Repaid during the year	-	(10,880,107)
Balance at end of the year	<u>-</u>	<u>-</u>

25.2.1 This represents a term loan obtained in trenches under Financial Sector Intermediation Loan. The loan was subject to interest at the rate of 6.31% per annum. The repayments are semi-annual and secured by guarantee of a Development Financial Institution (DFI). The guarantee provided by a DFI is secured against equitable mortgage of investment properties of the Company along with certain investments of the Company. The loan matured in March 2014. During the year 2015 the company has made all the due payments to ADB and the company in the process of return of original documents pledge in lien with DFI.

	Note	2016 Rupees	2015 Rupees
26 LONG TERM DEPOSITS			
- Security deposits			
Lease deposits	26.1	60,936,770	82,452,194
Current portion shown under current liabilities	27	(60,936,770)	(82,433,289)
		<u>-</u>	<u>18,905</u>

26.1 This represent interest free security deposit received against lease contracts and are refundable / adjustable at the expiry / termination of the respective leases.

27 CURRENT & OVERDUE PORTION OF LONG TERM LIABILITIES

Long-term loans	25	432,573,673	432,573,673
Long-term lease deposits	26	60,936,770	82,433,289
		<u>493,510,443</u>	<u>515,006,962</u>

28 MARK-UP ACCRUED

Secured:			
- Long-term loans		7,272,000	74,991,501
Unsecured:			
- Short-term borrowings		88,248,993	78,305,942
		<u>95,520,993</u>	<u>153,297,443</u>

28.1 Markup on UBL and BOK has not been charged as these are defaulted loans and currently provision could not be made without determination of default by court.

	Note	2016 Rupees	2015 Rupees
29 SHORT TERM BORROWINGS			
Unsecured			
Call borrowing - commercial bank	29.1	2,139,404	6,418,220
Development Financial Institution	29.2	59,485,839	75,000,000
		<u>61,625,243</u>	<u>81,418,220</u>

29.1 A commercial bank filed a legal suit against the Company and obtained decree in its favour. The Company filed an appeal in the High Court of Sindh (SHC) on the ground that, the issue of maintainability raised by the Company in its leave to defend application was not given any consideration and the judgment of the Banking Court at Karachi is without lawful jurisdiction. However the SHC dismissed the Company's appeal. During the current year, the Company approached Honourable Supreme Court of Pakistan challenging the maintainability of suit, the same has been dismissed, however, review petition filed by the company which is pending.

29.2 The facility was expired on June 30, 2009. The development financial institutions has obtained a decree of Rs.75 million plus cost of fund. As per the order of Honourable Sindh High Court, shares and debt instruments having face value of Rs.108 million have been attached in favour of Nazir of High Court.



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	2016 Rupees	2015 Rupees
30 ACCRUED AND OTHER LIABILITIES		
Guarantee commission	-	10,654,953
Payable to associated company	9,080,000	18,953,014
Temporary overdraft	905,458	-
Others	3,948,136	3,409,300
	<u>13,933,594</u>	<u>33,017,267</u>

31 CONTINGENCIES AND COMMITMENTS

31.1 Contingent liabilities

31.1.1 Letters of comfort / guarantees	<u>1,088,000,000</u>	<u>1,098,000,000</u>
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These are guarantees amounting to Rs. 1,088 million (2015: Rs.1,098 million) which were called and are under dispute / litigations which are being defended by the 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 these financial statements. Brief detail of the guarantees under litigations are 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 disputed. The beneficiary has filed a recovery case and winding up petition against the Company in the Sindh High Court (SHC). According to the Company's legal advisors, the Company has good merits to defend both recovery case and winding up petition.
- ii. A guarantee of Rs. 250 million against the repayment of sukuk was called as the principal debtor defaulted in payment of installments of the said sukuk. The Trustee of the sukuk has filed a recovery suit against the Company in the SHC, which is pending adjudication. Based on 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.
- 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 in its view the guarantee never became operational due to default on the part of trustee of the sukuk issue.
- iv. A guarantee of Rs. 128 million against the bridge finance facility was called as the party in favour of which guarantee was issued defaulted in making payment to the beneficiary bank. The beneficiary has filed winding up petition and suit for recovery in the SHC, which is pending adjudication. According to the Company's legal advisor, the Company has good merits to defend both the recovery case and the winding up petition.

31.2 The Commissioner of Income Tax (CIT) disallowed certain expenses while allocating expenses for the assessment year 2001-02 resulting in increase in tax liability by Rs.0.58 million with reduction in lease losses for the year by Rs. 10.75 million. The Company filed appeals in Appellate Tribunal Inland Revenue (ATIR) which were decided in favor of the Company. However, ATIR subsequently recalled its appellate order through Miscellaneous Application filed by the tax department, who insisted that the matter of proration required a review in the light of ATIR's another order. Based on the opinion of the tax advisors of the Company, the management is confident that the matter will ultimately be decided in its favour and accordingly no provision is required to be made in this regard in these financial statements.

31.3 Various other cases which are at hearing stage are also pending for which outcome could not be determined and in various cases compromise has been reached.

	2016 Rupees	2015 Rupees
32 RETURN ON INVESTMENTS AND DEPOSITS		
Return on investments - HBOS capital bond	268,384	462,914
Income from Brrgm Sukuk	7,234,432	-
Income on DSCs	84,690	-
Profit on bank deposits	1,075,004	1,805,065
Dividend income	548,205	1,202,677
	<u>9,210,716</u>	<u>3,470,656</u>



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33 OTHER INCOME	Note	2016 Rupees	2015 Rupees
On non - financial assets			
Fee and commission and other charges		3,288,305	3,424,935
Markup income		2,882,543	-
Rental income from investment properties		5,089,141	4,898,508
Gain on disposal of property and equipment / insurance claim		782,350	1,790,049
Others		3,011,457	-
Exchange gain		254,294	294,130
		<u>15,308,090</u>	<u>10,407,622</u>
34 ADMINISTRATIVE EXPENSES			
Salaries and benefits	34.1	24,528,909	25,800,630
Directors' meeting fees		600,665	552,080
Rent, rates and taxes		1,912,584	1,552,553
Legal, professional and consultancy		3,946,897	2,639,500
Vehicles running and maintenance		1,561,621	2,076,055
Fees and subscription		3,587,031	876,877
Brokerage		234,675	200,093
Travelling and conveyance		55,850	91,955
Postage and telephone		248,927	373,515
Utilities		-	525,000
Printing and stationery		242,808	264,990
Insurance		609,184	590,272
Entertainment		283,968	258,765
Advertisement		64,470	71,226
Repairs and maintenance		277,413	432,000
Auditors' remuneration	34.2	1,661,250	1,907,000
Depreciation	6.1	840,147	1,799,354
Amortization	7.1	100,050	316,325
Share registrar service		299,390	315,200
Other expenses		-	1,201,845
		<u>41,055,839</u>	<u>41,845,235</u>
34.1 It include Rs.1,269,008 (2015 : Rs.1,328,685) in respect of Company's contribution in defined contribution plan.			
		2016	2015
34.2 Auditors' remuneration		Rupees	Rupees
Statutory audit fee		1,000,000	1,000,000
Half yearly review fee		318,000	450,000
Other services and certification		250,000	257,000
Out of pocket expenses		93,250	200,000
		<u>1,661,250</u>	<u>1,907,000</u>
35 FINANCE COST			
Mark-up on			
Long-term loans		7,272,000	34,657,891
Short-term borrowings		12,166,297	10,747,500
Bank charges		4,388	122,426
		<u>19,442,685</u>	<u>45,527,817</u>



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	Note	2016 Rupees	2015 Rupees
36 PROVISION / (REVERSAL OF PROVISION) FOR POTENTIAL LEASE AND OTHER LOAN LOSSES - NET			
Net investment in finance lease	9.2	(75,292)	(42,754,009)
Long term finances	11.4	(10,838,812)	21,089,286
Placements and finances	16	37,891,575	(15,311,227)
Other receivables	22.3	(1,200,000)	(1,445,000)
Accrued markup		57,823	-
		<u>25,835,294</u>	<u>38,420,950</u>
37 IMPAIRMENT ON AVAILABLE-FOR-SALE SECURITIES			
Impairment on available-for-sale securities		-	4,500,812
38 LIABILITIES WRITTEN BACK			
Liabilities written back	38.1	<u>77,724,930</u>	-
38.1	This represents reversal of markup owing to nil markup charged by bank due to transfer of finance to special asset management division (SAMD).		
39 OTHERS			
This represents advances written off which are no longer payable.			
40 SHARE OF (LOSS) FROM ASSOCIATES-NET		2016 Rupees	2015 Rupees
Dawood Family Takaful Limited		(5,851,309)	(5,047,854)
Dawood Capital Management Limited		4,376,394	(1,862,057)
B.R.R. Investment (Private) Limited		774,916	1,822,519
		<u>(699,999)</u>	<u>(5,087,392)</u>
41 TAXATION			
Current year		(3,006,499)	271,132
Deferred tax		480,804,474	-
		<u>477,797,975</u>	<u>271,132</u>
41.1	The current tax represents Alternate corporate tax for the year under section 113 of the Income Tax Ordinance, 2001, therefore reconciliation between accounting loss and taxable loss has not been given in these financial statements.		
41.2	Returns upto the tax year 2015 have been filed which are deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001. However the commissioner of income tax may any time during the period of five years select the deemed assessment for audit.		
42 EARNINGS PER SHARE		2016	2015
Profit after taxation - basic	Rupees	<u>500,269,039</u>	<u>6,508,693</u>
Profit after taxation - diluted	Rupees	<u>500,269,039</u>	<u>6,508,693</u>
Weighted average number of ordinary shares - basic EPS	Numbers	<u>148,390,023</u>	<u>71,528,598</u>
Weighted average number of ordinary shares - diluted EPS	Numbers	<u>148,390,023</u>	<u>71,528,598</u>
Earnings per share - basic	Rupees	<u>3.37</u>	<u>0.09</u>
Earnings per share - diluted	Rupees	<u>3.37</u>	<u>0.09</u>



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43 REMUNERATION TO CHAIRMAN, DIRECTORS AND EXECUTIVES

	2016			
	Chairman	Chief Executive Officer *	Director	Executives
	----- Rupees -----			
Managerial remuneration	-	-	5,520,000	5,746,433
Provident fund	-	-	552,000	580,377
Reimbursement of expenses	3,076,107	-	-	-
Utilities	-	-	2,760,000	2,873,217
Medical	-	-	69,488	112,529
Fuel	-	-	377,721	569,248
Maintenance	-	-	10,600	70,635
	3,076,107	-	9,289,809	9,952,439
Number of persons	1	-	1	3
	2015			
	Chairman	Chief Executive Officer *	Director	Executives
	----- Rupees -----			
Managerial remuneration	-	-	8,280,000	8,037,900
Provident fund	-	-	552,000	535,860
Reimbursement of expenses	2,806,442	-	-	-
Medical	-	-	38,308	111,820
Fuel	-	-	316,806	652,215
	2,806,442	-	9,187,114	9,337,795
Number of persons	1	-	1	3

* On October 29, 2013, the Chief Executive Officer of the Company has resigned from the Board. Also refer note 1.9 to these financial statements.

43.1 The chairman, executive director and executives are also provided with free use of Company maintained cars.

43.2 Executive means an employee other than director and Chief Executive Officer, whose basic salary exceeds Rs.500,000 in a financial year.

43.3 Disclosures related to Provident Fund

The following information is based on the latest un-audited financial statements of the Fund:

	2016	2015
Size of the fund - Total assets	105,755,658	82,012,601
Cost of investments made	65,390,759	42,799,907
Percentage of investments made	90.29%	99.92%
Fair value of investments	95,485,179	81,946,991



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The break-up of fair value of investments are:

	2016	----- % -----	2015	----- % -----
Investment in securities	4,546,582	5%	4,145,346	5%
Government securities	25,000,000	26%	25,000,000	31%
Debt securities	20,653,331	22%	13,289,182	16%
Mutual funds	22,456,486	24%	5,120,924	6%
Bank balances	22,828,780	24%	34,391,539	42%
	<u>95,485,179</u>	<u>100%</u>	<u>81,946,991</u>	<u>100%</u>

The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Companies Ordinance, 1984 and the rules formulated for this purpose.

This includes portion of other group companies noted as follows:

- 1 Dawood Equities
- 2 Crescent Standard Modaraba
- 3 BRR Guardian Modaraba
- 4 B.R.R Investment Private Limited
- 5 Dawood Capital Management
- 6 Dawood Global Foundation

43.3.1 The total and average number of employees during the year and as at June 30, 2016 and 2015 respectively are as follows:

	2016	2015
Average number of employees during the year	<u>9</u>	<u>12</u>
Number of employees at year end	<u>8</u>	<u>9</u>

44 TRANSACTIONS WITH RELATED PARTIES

44.1 The Company has related party relationships with its group companies, associated companies, staff provident fund, directors and key management personnel and entities over which the directors or key management personnel are able to exercise significant influence.

44.2 Details of transactions with related parties and balances with them in the financial statements are as follows:

	2016		2015	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
----- Rupees -----				
Investment in associates				
Balance at beginning of the year	-	179,658,222	-	180,560,426
Share of loss from associates	-	(699,999)	-	(5,087,392)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	(4,882,169)	-	4,185,188
Balance at end of the year	-	<u>174,076,054</u>	-	<u>179,658,222</u>
Short term loans	-	9,080,000	3,523,500	-
Unearned rent	-	-	-	1,307,416
Term finance certificates/sukuk bonds	-	29,926,083	-	-
Settlement transactions				
Vehicle sold	827,000	-	1,479,000	-
Land transferred	-	-	-	62,005,166



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	2016		2015	
	Key management personnel	Associates/ related parties	Key management personnel	Associates/ related parties
----- Rupees -----				
Charge to profit and loss account				
Common expenses paid	-	580,025	-	2,166,612
Share of loss from associates	-	(699,999)	-	(5,087,392)
Rental income	-	1,086,000	-	4,989,508
Rent expense	-	818,400	-	836,100
Takaful expense	-	68,420	-	77,496

45 SEGMENT ANALYSIS

Operating segments are reported in a manner consistent with the internal reporting used by the chief operating decision maker. Chief Operating Officer (COO) has been identified as the chief operating decision maker, which is responsible for allocating resources and assessing performance of the operating segments. The COO with his team is responsible for the business of the Company which is divided into four categories:

1. Leasing
2. Investments
3. Long term finances
4. Placements and finances

Primary segment information

Leasing	Finance lease to individual and corporate customers in acquiring plant and machinery, vehicles and equipment.
Investments	Trade of equity securities and debt instruments like term finance certificates, commercial papers, asset backed certificates and government securities.
Long term finances	Term finance facilities to individual and corporate customers.
Placements and finances	Money market facilities against marketable securities and letter of placement. It also include short term financing and musharika financing facilities.

The internal reporting provided to the COO for the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan.

Segment assets and liabilities include all assets and liabilities related to the segment and segment revenues and expenses include all revenues and expenses related to the segment.

The Company's financial charges, administration and other operating expenses, taxation and assets and liabilities not related to the above mentioned segments are managed on the Company basis and are not allocated to operating segment.

There were no change in the reportable segments during the year.

45.1 Segment information for the year ended June 30, 2016

	Leasing		Investments		Long term finances		Placements and finances		Fee, commission and other income		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
----- Rupees -----												
Segment revenues	5,240,703	9,586,215	14,394,411	9,137,506	179,282	16,769,936	-	-	15,308,090	10,407,622	35,122,486	45,901,279
Share of (loss) / profit from associates	-	-	(699,999)	(5,087,392)	-	-	-	-	-	-	(699,999)	(5,087,392)
Segment results	5,240,703	9,586,215	13,694,412	4,050,114	179,282	16,769,936	-	-	15,308,090	10,407,622	34,422,487	40,813,887
Reversal of provision for potential lease and other loan losses - net	75,292	42,754,009	-	-	10,838,812	(21,089,286)	(37,891,575)	15,311,227	1,142,177	1,445,000	(25,835,294)	38,420,950
Unrealized gain / (loss) on remeasurement of investments	-	-	(492,960)	1,094,892	-	-	-	-	-	-	(492,960)	1,094,892
Impairment on available-for-sale securities	-	-	-	(4,500,812)	-	-	-	-	-	-	-	(4,500,812)
Surplus on revaluation of investment properties	-	-	-	-	-	-	-	-	-	-	-	18,323,960
Loss on settlement of liabilities	-	-	-	-	-	-	-	-	-	-	77,724,930	-



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	Leasing		Investments		Long term finances		Placements and finances		Fee, commission and other income		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
	----- Rupees -----											
Impairment on asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	(1,500,000)	-
Others	-	-	-	-	-	-	-	-	-	-	(1,349,575)	-
Administrative expenses	-	-	-	-	-	-	-	-	-	-	(41,055,839)	(41,845,235)
Finance cost	-	-	-	-	-	-	-	-	-	-	(19,442,685)	(45,527,817)
(Loss) / profit before taxation											22,471,064	6,779,825
Taxation											477,797,975	(271,132)
(Loss) / profit after taxation											500,269,039	6,508,693
Segment assets	120,689,574	149,053,882	259,879,306	244,658,359	106,517,900	106,923,596	13,915,413	60,443,348	-	-	501,002,193	561,079,185
Unallocated assets	-	-	-	-	-	-	-	-	-	-	842,657,611	404,780,213
Total assets											1,343,659,804	965,859,398
Segment liabilities	160,821,591	208,229,423	346,295,063	341,789,615	141,937,515	149,373,088	18,542,603	84,439,823	-	-	667,596,772	783,831,949
Total liabilities											667,596,772	783,831,949
Net Assets											676,063,032	182,027,449

45.2 Details of the industry / sector analysis of gross amount of lease portfolio and other financing is given below:

Segment by class of business

Class of business	2016					%
	Leasing operations	Investments	Long-term finances	Placements and finances	Total	
	----- Rupees -----					
Cement	-	9,028,265	-	-	9,028,265	0.66
Chemicals, fertilizers and pharmaceuticals	67,172,921	5,637,039	46,910,127	-	119,720,087	8.78
Construction	8,919,225	-	105,946,462	-	114,865,687	8.42
Electrical goods	14,779,300	4,617,311	-	-	19,396,611	1.42
Energy, oil and gas	-	576,620	12,513,197	3,077,500	16,167,317	1.19
Food, tobacco and beverages	-	1,514,740	-	-	1,514,740	0.11
Individuals	37,177,631	-	41,501,653	257,202,775	335,882,059	24.62
Steel, engineering and automobile	7,964,447	1,089,762	-	822,532	9,876,741	0.72
Sugar and allied	17,526,112	-	-	-	17,526,112	1.28
Textile	172,694,458	6,142,506	-	-	178,836,964	13.11
Transport and communication	164,832,356	30,411,329	10,521,065	2,100,000	207,864,750	15.24
Financial	-	101,589,367	4,625,235	75,000,000	181,214,602	13.29
Miscellaneous	82,442,280	787,675	52,879,141	16,000,000	152,109,096	11.15
	574,085,350	173,331,191	265,461,183	351,125,307	1,364,003,031	100



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Class of business	2015					%
	Leasing operations	Investments	Long-term finances	Placements and finances	Total	
	----- Rupees -----					
Cement	-	5,628,037	-	-	5,628,037	0.35
Chemicals, fertilizers and pharmaceuticals	26,581,195	5,559,278	28,862,135	-	61,002,608	3.79
Construction	13,169,217	-	105,200,000	-	118,369,217	7.35
Electrical goods	4,062,742	24,177,839	4,625,235	-	32,865,816	2.04
Energy, oil and gas	669,115	12,381,373	13,134,586	-	26,185,074	1.63
Food, tobacco and beverages	21,377,932	2,783,068	-	12,000,000	36,161,000	2.25
Health care	5,201,904	-	-	-	5,201,904	0.32
Individuals	104,626,545	-	106,245,772	342,176,292	553,048,609	34.36
Steel, engineering and automobile	15,752,673	-	446,462	822,532	17,021,667	1.06
Sugar and allied	30,448,349	-	-	-	30,448,349	1.89
Textile	164,309,495	743,265	7,370,436	-	172,423,196	10.71
Transport and communication	173,092,748	24,071,310	10,521,065	2,100,000	209,785,123	13.03
Financial	-	257,460,576	-	84,000,000	341,460,576	21.21
Miscellaneous	-	84,074	-	-	84,074	0.01
	559,291,915	332,888,820	276,405,691	441,098,824	1,609,685,250	100

The Company's operations are restricted to Pakistan only .

46 FINANCIAL INSTRUMENTS BY CATEGORY

	2016 Rupees	2015 Rupees
Financial assets as per balance sheet		
Held for trading		
Quoted equity securities	42,611,572	42,848,580
Available for sale		
Term finance certificates	29,926,083	-
Unquoted equity securities	12,980,907	14,332,194
US dollar bond	-	7,819,363
	42,906,990	22,151,557
Loans and receivables		
Net investment in lease finance	120,689,574	149,053,882
Long-term finances	106,517,900	106,923,596
Long term deposits	4,139,822	4,343,822
Placements and finances	13,915,413	60,443,348
Loans and advances	265,502	2,687,002
Mark-up accrued	-	55,811
Cash and bank balances	6,101,941	49,162,028
	251,630,152	372,669,489
	337,148,714	437,669,626



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	2016 Rupees	2015 Rupees
Financial liabilities as per balance sheet		
Financial liabilities measured at amortised cost		
Long term loans	432,573,673	432,573,673
Long term deposits	60,936,770	82,452,194
Mark-up accrued	95,520,993	153,297,443
Short-term borrowings	61,625,243	81,418,220
Accrued and other liabilities	13,933,594	33,017,267
	664,590,273	782,758,797

46.1 Reconciliation of financial assets and liabilities with total assets and liabilities

Total financial assets	337,148,714	437,669,626
Add: Non financial assets		
Property and equipment	1,445,909	2,289,456
Intangibles assets	1,083,628	1,183,678
Assets classified as held for sale	27,103,000	28,603,000
Investment properties	89,848,960	89,848,960
Investment in associates - equity method	174,360,744	179,658,222
Income tax refund	718,236	718,236
Prepayments	32,252,613	26,994,694
Deferred tax asset	679,698,000	198,893,526
	1,006,511,090	528,189,772
Total assets	1,343,659,804	965,859,398
Total financial liabilities	664,590,273	782,758,797
Add: Non financial liabilities		
Taxation	3,006,499	1,073,152
Total liabilities	667,596,772	783,831,949

46.1.1 Mismatch of interest rate sensitive assets and liabilities

	Effective interest rate	2016							Total
		One year or less	More than one year but less than two years	More than two year but less than three years	More than three year but less than four years	More than four year but less than five years	More than five year	Not exposed to interest rate risk	
Rupees									
Financial assets									
Net investment in lease finance	8% - 29.17%	120,689,574	-	-	-	-	-	120,689,574	
Long term investments	6.85%-10.845%	-	-	-	-	284,690	174,076,054	174,360,744	
Long-term finances	13.5% - 15.1%	106,517,900	-	-	-	-	-	106,517,900	
Long term deposits	-	-	-	-	-	-	4,139,822	4,139,822	
Short term investments	-	-	-	-	-	-	85,518,562	85,518,562	
Placements and finances	8.5% - 24%	13,915,413	-	-	-	-	-	13,915,413	
Loans and advances	-	-	-	-	-	-	7,235,090	7,235,090	
Cash and bank balances	4.52% - 7%	5,919,815	-	-	-	-	182,126	6,101,941	
		247,042,702	-	-	-	-	284,690	518,479,046	
Financial liabilities									
Long term loans	0% - 6.31%	432,573,673	-	-	-	-	-	432,573,673	
Long term deposits	-	-	-	-	-	-	60,936,770	60,936,770	
Mark-up accrued	-	-	-	-	-	-	95,520,993	95,520,993	
Short-term borrowings	17.00%	61,625,243	-	-	-	-	-	61,625,243	
		494,198,916	-	-	-	-	156,457,763	650,656,679	
On balance sheet gap		(247,156,214)	-	-	-	-	284,690	(132,177,633)	

The Company has investment properties and assets held for sale Rs. 89.848 million and Rs. 27.103 million respectively for settlement of its liabilities. Further, the Company plans to restructure its liabilities so as to manage the on-balance sheet gap in the coming years.



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	Effective interest rate	2015						Not exposed to interest rate risk	Total
		One year or less	More than one year but less than two years	More than two year but less than three years	More than three year but less than four years	More than four year but less than five years	More than five year		
Financial assets									
Net investment in lease finance	8% - 29.17%	148,868,448	185,434	-	-	-	-	-	149,053,882
Long term investments	6.85%	-	-	-	-	-	7,819,363	179,658,222	187,477,585
Long-term finances	8% - 18.27%	106,923,596	-	-	-	-	-	-	106,923,596
Long term deposits	-	-	-	-	-	-	-	4,343,822	4,343,822
Short term investments	-	-	-	-	-	-	-	57,180,774	57,180,774
Placements and finances	8.5% - 24%	60,443,348	-	-	-	-	-	-	60,443,348
Loans and advances	-	-	-	-	-	-	-	8,703,768	8,703,768
Mark-up accrued	-	-	-	-	-	-	-	55,811	55,811
Cash and bank balances	6% - 10%	49,141,173	-	-	-	-	-	20,855	49,162,028
		<u>365,376,565</u>	<u>185,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,819,363</u>	<u>249,963,252</u>	<u>623,344,614</u>
Financial liabilities									
Long term loans	0% - 6.31%	432,573,673	-	-	-	-	-	-	432,573,673
Long term deposits	-	-	-	-	-	-	-	82,452,194	82,452,194
Mark-up accrued	-	-	-	-	-	-	-	108,233,414	108,233,414
Short-term borrowings	17.00%	81,418,220	-	-	-	-	-	-	81,418,220
Accrued and other liabilities	-	-	-	-	-	-	-	10,654,953	10,654,953
		<u>513,991,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,340,561</u>	<u>715,332,454</u>
On balance sheet gap		<u>(148,615,328)</u>	<u>185,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,819,363</u>	<u>48,622,691</u>	<u>(91,987,840)</u>

The Company has investment properties and assets held for sale Rs. 89.849 million and Rs. 28.603 million respectively for settlement of its liabilities. Further, the Company plans to restructure its liabilities so as to manage the on-balance sheet gap in the coming years.

47 FINANCIAL RISK MANAGEMENT POLICIES

Currently, the Company's activities are making recoveries from its customers relating to lease and other finances and investments of available funds in listed equity securities for trading purposes. These activities are exposed to a variety of financial risks which mainly includes market risk, credit risk and liquidity risk.

The Company's directors and management are responsible for ensuring that financial risk-taking activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with Company policies and Company risk appetite. The Board of Directors reviews and agree policies for managing each of these risks.

The Company's financial assets comprise of finance lease, long term and short finances, placements, long term and short term investments, other receivables and cash and bank balances. The Company's principal financial liabilities comprise loans and borrowings, deposits and trade and other payables. The main purpose of these financial liabilities is to raise finance for the Company's operations.

The Company's exposure to the risks associated with the financial instruments and the risk management policies and procedures are summarized as follows:

47.1 Market risk

Market risk is the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market variables such as profit rates, foreign exchange rates and equity prices. Market risk comprises of three types of risk: interest rate risk, currency risk and other price risk.

47.1.1 Interest rate risk

Interest rate is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is exposed to interest rate risk as a result of mismatches or gaps in the amounts of assets and liability that mature or reprised in a given period. The Company manages this risk by matching the reprising of assets and liabilities.

Cash flow and fair value interest rate risks

The Company's exposure to the risk of changes in interest rates relates primarily to the following:



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	2016 Rupees	2015 Rupees
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	5,919,815	49,141,173
Long term investments	-	7,819,363
	<u>5,919,815</u>	<u>56,960,536</u>
Financial liabilities		
Loan term loans	-	228,619,450
Short-term borrowings	61,625,243	75,000,000
	<u>61,625,243</u>	<u>303,619,450</u>
Variable rate instruments at carrying amount:		
Financial assets		
Net investment in lease finance	120,689,574	149,053,882
Long term finances	106,517,900	106,923,596
Placements and finances	13,915,413	60,443,348
	<u>241,122,887</u>	<u>316,420,826</u>

Management of the Company estimates that an increase of 100 basis points in the market interest rate, with all other factors remaining constant, would decrease the Company's loss by Rs. 2.41 million and a decrease of 100 basis points would result in a decrease in the Company's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

Management is of the view that the above sensitivity analysis are not representative of the year as a whole, since the level of exposure changes frequently as part of the interest rate risk management process used to meet the Company's objectives.

The Company's exposure to interest rate risk on its financial assets and liabilities based on contractual reprising or maturity dates whichever is earlier is as follows:

47.1.2 Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instruments will fluctuate because of changes in foreign exchange rates. As the Company does not have any foreign currency asset and liabilities except for foreign currency accounts amounting to Rs. 0.158 million, therefore, the Company is not materially exposed to foreign currency risk as at June 30, 2016.

47.1.3 Price risk

Price risk is the risk of volatility in the value of financial instruments resulting from their dependence on market sentiments, speculative activities, supply and demand for instruments and liquidity in the market. The value of investments may fluctuate due to change in business cycles affecting the business of the Company in which the investment is made, change in business circumstances of the Company, its business sector, industry and / or the economy in general. The Company's Executive Committee reviews and approves all investment related decisions.

At the balance sheet date, the exposure to listed equity securities is Rs. 42.612 million. Management of the Company estimates that 100 basis points increase or decrease in the overall equity prices in the market with all other factors remaining constant would result in increase or decrease of Company's net assets by Rs. 0.426 million. However, in practice, the actual results may differ from the sensitivity analysis.

47.2 Credit risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss for the Company by failing to discharge its obligation. The Company's policy is to enter into financial contracts with reputable counter parties in accordance with the internal guidelines, offering document and regulatory requirements. The table below analyses the Company's maximum exposure to credit risk.

	2016 Rupees	2015 Rupees
Net investment in lease finance	120,689,574	149,053,882
Long term investments	174,076,054	179,658,222
Long term finances	106,517,900	106,923,596
Long term deposits	4,139,822	4,343,822
Short term investments	29,926,083	-
Placements and finances	13,915,413	60,443,348
Loans and advances	3,000,920	3,000,920
Mark-up accrued	-	55,811
Cash and bank balances	6,101,941	49,162,028
	<u>458,367,707</u>	<u>552,641,629</u>



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Concentration of credit risk exists when changes in economic or industry factors affect the group of counterparties whose aggregate credit exposure is significant in relation to the Company's total credit exposure. The Company's portfolio of lease and other finances and receivables have been classified as loss and the carrying value are reported as per NBFC Regulations, 2008. However, the Company filed recovery suits at different forums against the non-performing parties.

Credit risk on bank balances is limited as they are maintained with foreign and local banks having good credit ratings assigned by local and international credit rating agencies.

	Short term	Long term	Rating agency
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
Burj Bank Limited	A-2	A-	JCR-VIS
MCB Bank Limited	A1+	AAA	PACRA
Al Baraka Bank	A-1	A	JCR-VIS
National Bank of Pakistan	A1+	AAA	PACRA
Bank Al-Habib Limited	A1+	AA+	PACRA
Standard Chartered Bank	A1+	AAA	PACRA

47.3 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

	Level 1	Level 2	Level 3
	----- Rupees -----		
June 30, 2016			
Investments at fair value through Profit and loss			
Quoted equity securities	42,611,572	-	-
Unquoted shares	-	-	12,980,907
Term finance certificates / sukuk bonds	-	-	29,926,083
Preference shares	-	-	-
Investments in:			
Associates - equity method	30,955,518	-	143,120,536
US dollar bond - available-for-sale	-	-	-
Defence Saving Certificates - held to maturity	-	284,690	-
	Level 1	Level 2	Level 3
	----- Rupees -----		
June 30, 2015			
Investments at fair value through Profit and loss			
Quoted equity securities	42,848,580	-	-
Unquoted shares	-	-	14,332,194
Term finance certificates / sukuk bonds	-	-	-
Preference shares	-	-	-
Investments in:			
Associates - equity method	19,187,752	-	160,470,470
US dollar bond - available-for-sale	7,819,363	-	-



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47.4 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations arising from its financial liabilities that are settled by delivering cash or another financial asset, or that such obligations will have to be settled in a manner disadvantageous to the Company.

As of balance sheet date, the Company has liquid assets to the tune of Rs. 91.620 million to meet its commitments and obligations. Further, through recovery measures, the Company is generating a liquidity of Rs. 4 million to Rs. 5 million per month. Since the borrowings of the Company are in restructuring phase, the pressure of payments to creditors is eased to some extent.

48 CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide adequate returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital and to comply with the capital requirements of NBFC Regulations, 2008 issued by SECP.

Consistent with other companies in the industry, the Company monitors the capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balances. Total capital is calculated as equity as shown in balance sheet and plus net debt.

The gearing ratios of the Company as at June 30, 2016 and 2015 were as follows:

	2016	2015
	Rupees	Rupees
Total borrowings	494,198,916	513,991,893
Less: Cash and bank balances	(6,101,941)	(49,162,028)
Net debt	488,096,975	464,829,865
Total equity	676,063,032	182,027,449
Total capital	1,164,160,007	646,857,314
Gearing ratio	42%	71.86%

The high gearing ratio is due to the factors mentioned in note 1 to these financial statements.

49 CORRESPONDING FIGURES

Corresponding figures have been rearranged and reclassified, wherever necessary, for the purposes of comparison and to reflect the substance of the transactions. No significant rearrangements or reclassifications were made in these financial statements.

50 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorized for issue on **September 22, 2016** by the Board of Directors of the Company.

51 GENERAL

Figures have been rounded off to the nearest Rupee, unless otherwise stated.

Director

Director



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**PATTERN OF SHAREHOLDING - ORDINARY SHARES
AS ON JUNE 30, 2016**

Number Of Share Holders	From	Share Holding	To	Total Shares Held
901	1	-	100	30,511
386	101	-	500	104,390
644	501	-	1,000	578,092
490	1,001	-	5,000	1,190,538
130	5,001	-	10,000	1,059,547
69	10,001	-	15,000	899,005
45	15,001	-	20,000	841,300
47	20,001	-	25,000	1,104,483
21	25,001	-	30,000	591,248
7	30,001	-	35,000	310,576
11	35,001	-	40,000	402,063
14	40,001	-	45,000	561,354
28	45,001	-	50,000	1,389,084
6	50,001	-	55,000	316,193
9	55,001	-	60,000	522,129
6	60,001	-	65,000	368,911
7	65,001	-	70,000	478,556
1	70,001	-	75,000	72,500
8	75,001	-	80,000	629,958
4	80,001	-	85,000	331,000
4	85,001	-	90,000	349,000
3	90,001	-	95,000	277,130
11	95,001	-	100,000	1,100,000
5	100,001	-	105,000	517,380
1	105,001	-	110,000	106,000
1	110,001	-	115,000	114,829
1	115,001	-	120,000	120,000
3	120,001	-	125,000	369,500
3	125,001	-	130,000	383,305
1	135,001	-	140,000	136,090
2	140,001	-	145,000	285,500
3	145,001	-	150,000	445,475
2	155,001	-	160,000	318,000
1	175,001	-	180,000	175,352
2	180,001	-	185,000	366,370
4	185,001	-	190,000	751,450
1	190,001	-	195,000	192,500
3	200,001	-	200,000	399,500
2	205,001	-	205,000	608,352
1	215,001	-	220,000	217,291
1	230,001	-	230,000	226,500
2	255,001	-	255,000	501,096
1	270,001	-	275,000	275,000
2	275,001	-	280,000	278,300
1	290,001	-	290,000	287,000
2	300,001	-	300,000	600,455
2	320,001	-	320,000	634,483



FIRST DAWOOD INVESTMENT BANK LIMITED

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
1	355,000	-	355,000	351,000
1	375,000	-	375,000	375,000
1	395,001	-	400,000	397,963
2	400,000	-	400,000	800,537
1	405,000	-	405,000	404,000
1	415,000	-	415,000	412,000
1	425,000	-	425,000	425,000
1	450,000	-	450,000	450,000
1	460,000	-	460,000	459,500
1	470,000	-	470,000	469,934
1	495,000	-	495,000	492,594
1	505,000	-	505,000	505,000
1	525,001	-	530,000	529,171
1	545,000	-	545,000	544,500
1	600,000	-	600,000	599,276
1	680,000	-	680,000	677,221
1	750,000	-	750,000	750,000
1	780,000	-	780,000	780,000
1	805,000	-	805,000	805,000
1	940,000	-	940,000	937,937
1	1,420,000	-	1,420,000	1,418,522
1	1,805,000	-	1,805,000	1,800,164
1	1,880,000	-	1,880,000	1,878,064
1	1,925,000	-	1,925,000	1,921,400
1	2,345,000	-	2,345,000	2,341,935
1	2,385,000	-	2,385,000	2,382,641
1	2,590,000	-	2,590,000	2,585,770
1	2,605,000	-	2,605,000	2,605,000
1	2,800,000	-	2,800,000	2,798,500
1	3,005,000	-	3,005,000	3,000,274
1	7,205,000	-	7,205,000	7,200,657
1	8,945,001	-	8,950,000	8,947,200
1	10,360,001	-	10,365,000	10,362,554
1	10,375,001	-	10,380,000	10,378,637
1	16,765,001	-	16,770,000	16,768,444
1	39,015,001	-	39,020,000	39,017,332
2936				148,390,023

Categories of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
Individuals	2,885	49,643,250	33.45
Joint Stock Companies	17	211,518	0.14
Insurance Companies	8	17,693,593	11.92
Financial Institutions	10	73,731,415	49.69
Investment Companies	6	1,254,671	0.85
Modarabas	6	3,517,973	2.37
Modaraba Management Companies	1	200,667	0.14
Mutual Fund	1	1,878,064	1.27
Others	2	258,872	0.17
	2,936	148,390,023	100.00



FIRST DAWOOD INVESTMENT BANK LIMITED

Additional Information Of Ordinary Shares As On June 30, 2016

S. No.	Categories Shareholders	Shares Held	% Age
1	Associated Companies	6,215,794	4.19
	B.R.R. Guardian Modaraba	3,342,562	
	Dawood Capital Management Limited	2,382,641	
	B.R.R. Investment (Pvt.) Ltd.	490,591	
2	NIT & ICP	1,878,295	1.27
	CDC - Trustee National Investment (UNIT) Trust	1,878,064	
	Investment Corporation of Pakistan	220	
	IDBL (ICP) Unit	11	
3	Directors, CEO, their Spouses and Minor Children	14,833,718	10.00
	Rafique Dawood	8,947,200	
	Hamida Dawood	2,834,529	
	Ayaz Dawood	2,585,770	
	Shumaila Matri Dawood	319,244	
	Mohammad Ali S/O Ayaz Dawood	145,475	
	Khurshid A. Khair	500	
	Abu Khursheed M. Arif	500	
	Asad Hussain Bokhari	500	
4	Public Sector Companies and Corporation	10,378,637	6.99
5	Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies, Mutual Funds and others	80,274,047	54.10
	Shareholders Holding Five Percent Or More In The Company	85,476,804	57.60
	National Bank of Pakistan	39,019,969	26.30
	The Bank of Khyber	16,768,444	11.30
	State Life Insurance Corp. Of Pakistan	10,378,637	6.99
	Allied Bank Limited	10,362,554	6.98
	Rafique Dawood	8,947,200	6.03



FIRST DAWOOD INVESTMENT BANK LIMITED

FORM OF PROXY
22nd Annual General Meeting

First Dawood Investment Bank Limited
Karachi.

I/ we _____ of
_____ (full address)

being a member of **First Dawood Investment Bank Limited** Folio No CDC A/c. No. _____ do
hereby appoint Mr. /Ms _____ Folio No. CDC A/c No _____

of _____ (full address) (or failing him)

Mr. /Ms _____ Folio No. CDC A/c No _____

of _____ (full address)

being another member of the Company as my/our proxy to attend and vote for me/us on my/our
behalf, at the **22nd Annual General Meeting** of the Company to be held on Monday October 24, 2016
at 09 : 00 a.m. and to every adjournment thereof.

And witness my/our hand/seal this _____ day of _____ 2016, signed by the said
_____ in the presence of

Mr. / Ms. _____

of _____ (full address)

Revenue Stamp
Rs. 5/-

Signature of Witness

Signature(s) and or Seal

Important Notes:

1. The share transfer books of the Company will remain closed from October 17, 2016 to October 24, 2016 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as a proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notorially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered Office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of Proxy appointing more than one person is deposited with the Company, all such instruments of proxy shall be rendered invalid.
5. The signature on the Instrument of Proxy must confirm to the Specimen Signature recorded with the Company.
6. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of Securities & Exchange Commission of Pakistan for attending the meeting.



FIRST DAWOOD INVESTMENT BANK LIMITED

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<p style="text-align: right;">AFFIX CORRECT POSTAGE</p> <p style="text-align: center;">FIRST DAWOOD INVESTMENT BANK LIMITED 18th floor, B.R.R Tower, Hassan Ali Street off: I.I. Chundrigar Road, Karachi-74000</p>
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Fold Here
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FIRST DAWOOD INVESTMENT BANK LIMITED

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