



FIRST DAWOOD INVESTMENT BANK LIMITED

PRESENT



ANNUAL REPORT 2017

PAST

FUTURE





FIRST DAWOOD INVESTMENT BANK LIMITED

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FIRST DAWOOD INVESTMENT BANK LIMITED

CORPORATE INFORMATION

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



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.



FIRST DAWOOD INVESTMENT BANK LIMITED

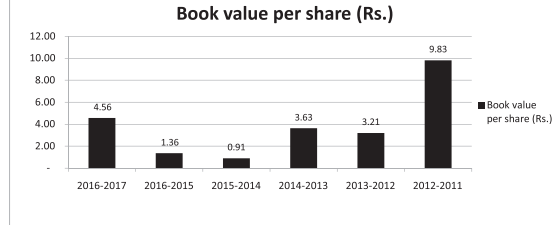
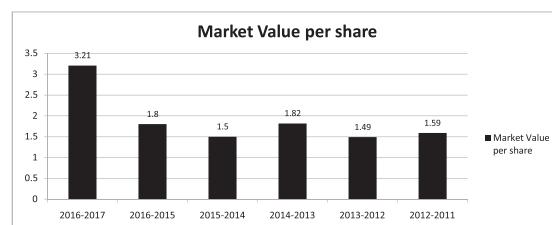
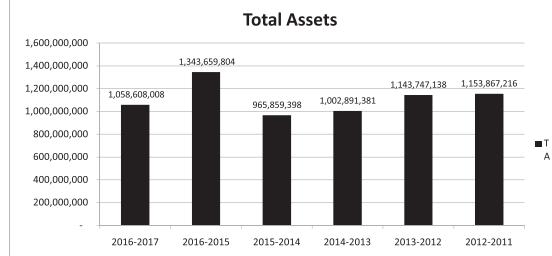
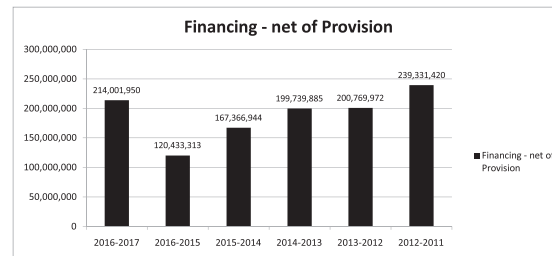
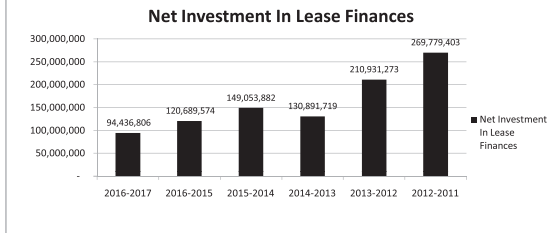
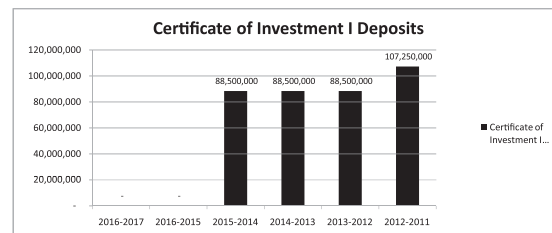
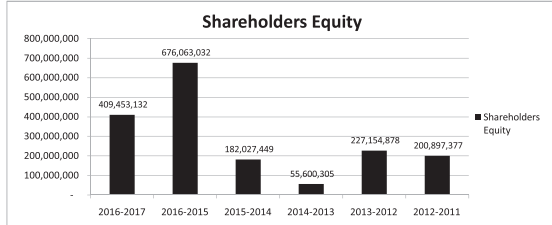
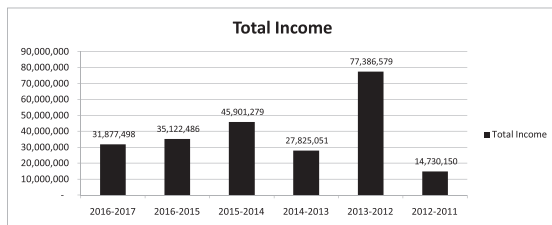
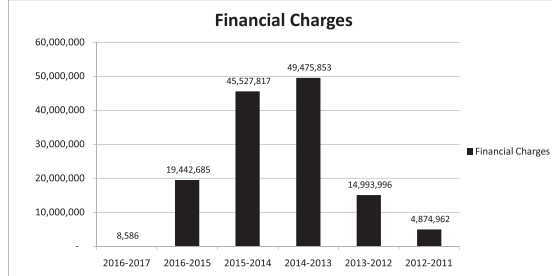
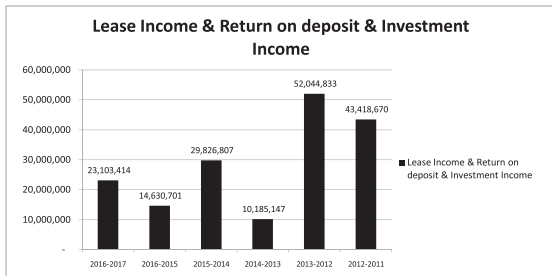
FINANCIAL HIGHLIGHTS

FIRST DAWOOD INVESTMENT BANK LIMITED

	2016-17	2015-16	2014-15	2013-14	2012-13	2011-12
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
PROFIT & LOSS						
Lease Income & Return on deposit & Investment	23,103,414	14,630,701	29,826,807	10,185,147	52,044,833	43,418,670
Financial Charges	692,443	19,442,685	45,527,817	49,475,853	14,993,996	4,874,962
Fee, commission, brokerage & others	3,630,537	15,308,090	10,407,622	11,136,459	24,748,775	(29,082,716)
Dividend & capital gain/(loss)	5,143,547	5,183,695	5,666,850	6,503,445	592,971	394,196
Total Income	31,877,498	35,122,486	45,901,279	27,825,051	77,386,579	14,730,150
Provisions / (Surplus) / Deficit	4,193,870	49,896,676	53,338,990	37,051,368	10,595,297	306,001,742
Operating expenses	39,216,290	41,055,839	41,845,235	66,022,591	73,223,894	84,482,499
Other operating charges	683,857	-	-	-	-	-
Operating profit/ (loss) before tax and provision	(8,031,235)	(25,376,038)	46,559,165	(103,857,361)	(8,290,666)	34,091,012
Profit (loss) after taxation	(284,639,004)	500,269,039	6,508,693	(140,945,055)	49,909,276	(376,387,222)
Profit(loss) before taxation	11,721,786	22,471,064	6,779,825	(140,908,729)	(18,885,963)	(408,083,157)
Dividends	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-
BALANCE SHEET						
Shareholder's equity	409,453,132	676,063,032	182,027,449	55,600,305	227,154,878	200,897,377
Deficit I surplus on Revaluation of Investment	8,497,989	(9,531,115)	(3,297,659)	(6,982,479)	(5,006,303)	(9,987,869)
Certificate of Investment I Deposits	-	-	88,500,000	88,500,000	88,500,000	107,250,000
Borrowings from financial institutions	487,731,536	494,198,916	513,991,893	524,872,003	542,545,880	591,764,164
Net Investment In Lease Finances	94,436,806	120,689,574	149,053,882	130,891,719	210,931,273	269,779,403
Financing - net of Provision	214,001,950	120,433,313	167,366,944	199,739,885	200,769,972	239,331,420
Investment - net of provision	79,246,555	217,267,734	244,658,359	245,882,042	251,218,488	220,665,494
Total Assets	1,058,608,008	1,343,659,804	965,859,398	1,002,891,381	1,143,747,138	1,153,867,216
FINANCIAL RATIOS						
Gross spread ratio (%)	3236.51%	-34.49%	-79.41%	74%	88.77%	8639.00%
Income / expense ratio (Times)	0.79	0.525348235	0.240912778	0.16	0.16	2.47
Return on Average Equity (ROE) (%)	-52.44%	7.15%	-253.50%	23%	-95.04%	-731.00%
Return on Average Assets (ROA) (%)	-23.70%	1.35%	-14.05%	4.34%	-25.27%	-1.78%
Profit / (Loss) before tax ratio	0.37	0.15	(5.06)	-1.37	-27.7	0.05
Total assets turnover ratio / Fixed assets turnover ratio (Times)	0.0007	0.0024	0.01	0.07	0.01	3.79
Price Earning ratio	1.67	20.00	(0.55)	4.92	-0.53	(4.82)
Market Value per share	3.21	1.8	1.5	1.82	1.49	1.59
Earning per share (Rs.)	1.92	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)	24.14	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 23rd ANNUAL GENERAL MEETING (AGM XXIII)

Notice is hereby given that the AGM XXIII 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 Friday, October 27, 2017 at 6:45 p.m. to transact the following business:

Ordinary Businesses

1. To confirm the minutes of XXII Annual General Meeting held on October 24, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017 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, 2018.
4. Any other Business with the permission of the Chair.

By Order of the Board

**October 05, 2017
Karachi**

**Syed Musharaf Ali
CFO & Company Secretary**

Notes:

1. The share transfer books of the Company shall remain closed from October 20, 2017 to October 27, 2017 (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. 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.
3. **Un Claimed Bonus Shares**
Shareholders who could not collect their bonus shares are advised to contact our share Registrar to collect / enquire about their unclaimed bonus shares, if any. In compliance with section 244 of the Companies Act 2017, after having the stipulated procedure, all such bonus shares outstanding for a period of three years or more from the date due shall be delivered to the SECP.
4. The CDC account holders will have to follow the under mentioned guidelines as laid down by the Securities & Exchange Commission of Pakistan:
 - A. For Attending the Meeting:**
 - (i) In case of individuals, the account holders or sub- account holders and / or the persons whose shares are in group accounts and their registration details are uploaded as per CDC Regulations shall authenticate their identity by showing their computerized National Identity Card (CNIC) or original passport at the time of attending.
 - (ii) In case of corporate entities, the Board of Directors resolution / power of attorney with specimen signature of the nominees shall be produced (unless it has been provided earlier)
 - B. For Appointing Proxies:**
 - (i) In case of individuals, the account holders or sub-account holders and or / persons whose shares are in group accounts and their registration details are uploaded as per CDC regulations, shall submit the proxy forms accordingly.
 - (ii) The proxy form shall be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the form.
 - (iii) Attested copies of CNIC or the passport of the beneficial owners and the proxy shall be furnished with the proxy forms.
 - (iv) The proxy shall produce their original CNIC or original passport at the time of the meeting.
 - (v) In respect of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting on behalf of entity.



FIRST DAWOOD INVESTMENT BANK LIMITED

CHAIRMAN REVIEW REPORT

Dear Shareholders,

I hereby present the 23rd Annual Accounts along with the audited financial statements of First Dawood Investment Bank Limited for the year ended June 30, 2017.

This year was again a challenging period for the country as well as for your company due to uncertain geo-political development resulting in economic woes. Currently the biggest issue is the rising current account deficit, which is making the future prospects a bit murky. However, CPEC is a great expectation for Pak economy and we hope that its benefit will properly be utilized over a long term basis.

In view of the aforementioned scenario prevailing in the country, your company's gross finance lease revenue during the year decreased to Rs.4.365 million only. However, a net of reversal of provision against 'Non Performing Assets' amounted to Rs.5.567 million. Due to prevailing recessionary conditions in the country, the majority of company's debtors cannot manage their businesses' commitments; therefore the only ray of hope for the company is through the sale / adjustment of collateral and recovery from litigation. Nevertheless, your company took aggressive measures to transform company's operations and today it is in a much better state. At the height of crisis; your company owed nearly Rs.10.0bn to various individuals, corporate, Provident Funds and financial institution. Today, we are pleased to inform with a great relief that all individuals, Provident Funds, corporate deposits and banks loans have been fully repaid / settled and out of Rs.10.0bn only Rs.488.0M worth of liabilities towards a few financial institutions are outstanding.

With regards to 'Non-Banking Finance Companies' (NBFC) sector, the hasty decisions of SECP (i.e. closure of market, Mufap pricing etc) of 2008-09 continue to haunt, but relaxation of license requirement is expected to pave a new road map in re-development of this sector. Earlier, the financial turmoil and liquidity crisis of 2008-09 had a devastating impact and it has taken your company almost a decade to successfully come out of it, since no external support was provided and / or acquired by your company. Now your company has applied for the renewal of its licenses with SECP and there are couple of formalities, which need to be fulfilled, before it could formally restart its operations. But the absence of about 10-years and the evolution in the market place has compelled us to think on some innovative plans to follow the growth path. These ideas will be shared once all requirements are in-place to take-up market challenges.

It is encouraging and noteworthy that without any external assistance your company has been maintaining its liquidity and making payments to its creditors and meeting its administrative expenses. The management and the Board are confident that all these measures will translate into growth of your company. Whilst summing-up it may be reiterated that despite extremely unfavourable economic & financial conditions, your company with the support of its Board, new management, its creditors / lenders and shareholders have so far been able to sustain its business during all these years. The company now looks forward to more promising business activities for the benefits of all stakeholders as soon as the new regime of regulations by SECP has been promulgated.

Chairman



FIRST DAWOOD INVESTMENT BANK LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The Directors of your Company are pleased to present to you the 23rd Annual Report annexed with Audited Financial Statements of the Company for the year ended June 30, 2017.

Business Performance

During the year the company has successfully partially settled the loan liability of commercial bank up to Rs. 63.5 million and balance outstanding amount is restructured / rescheduled with Zero (0%) mark-up. Further, the company's results for 2017 reflect another year of sound performance that was enabled by aggressive strategy well executed by our management team in an environment where the banking industry facing hard-hitting time. The management continued its recovery drive with assertiveness resulted to earn before tax profit to Rs.11.722M, as opposed to a profit of Rs.22.471M last year. However, the net worth of your company has decreased from Rs. 676.06M to Rs.409.45M due to reversal of deferred tax asset up to Rs. 298.49M.

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 baring 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.

	2017 Rupees	2016 Rupees
Lease and financing (loss) / income <i>net of provision and impairment</i>	14,156,749	53,967,086
Return on deposits and investments	17,984,082	14,394,411
Other gain / (loss)	3,630,537	15,308,090
Total (Loss) / Income	35,771,368	83,669,587
Administrative and Operating Expenses	(39,216,290)	(41,055,839)
Finance cost	(692,443)	(19,442,685)
Total Expenditure	39,764,956	23,171,063
Share of (loss) / profit of associates	15,859,151	(699,999)
(Loss) before Taxation	11,721,786	22,471,064
Taxation	(296,360,790)	477,797,975
(Loss) / Profit after Tax	(284,639,004)	500,269,039
(Loss) / Earnings Per Share – Basic	(1.92)	3.37
(Loss) / Earnings Per Share – Diluted	(1.92)	3.37

Future Outlook

During current year recovery of Rs.45.19 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



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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. The company has applied for renewal of its license, which pending as couple of formalities need to be fulfilled. 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, 2017. 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.40.303 million. The reversal in provision of 'Long term finances' and lease finance facilities amounted to Rs.31.76 million. This was mainly due to settlement / restructuring of outstanding liabilities. The company has managed to reduce its administrative expenses by 4.50% i.e. from Rs. 41.06 million to Rs. 39.22 million last year despite the prevailing inflationary trend.

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.



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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 of 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, 2017 stood at Rs. 124.68 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 (Nominee)	4	4	-
2	Mr. Ayaz Dawood	Director (Nominee)	4	4	-
3	Mr. Abu Khurshed 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 A. Khair	Member	4	4	-
3	Mr. Abu Khurshed M. Ariff	Member	4	4	-

Human Resources & Remuneration Committee Meetings

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

Pattern of Share holding

The pattern of shareholding and additional information regarding pattern of shareholding is annexed on page 69 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, 2017, wherein they have express their opinion (a) Deferred Tax Asset amounting Rs.381.21 million Further, they draw attention to following matters (i) Going Concern as



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accumulated losses to the tune of Rs.1,518.04 Million and current liabilities exceeding current assets by Rs.82.122million (ii) 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. (iii) Non-transfer of asset classified as held for sale and carried at lower of carrying value or of recoverable amount. (iv) the resumption and non-renewal of license of 786 Investments Ltd. (Formerly 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.
 - (i) 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.
 - (ii) 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.
 - (iii) 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.
 - (iv) 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, 2017 of the company to date.

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 to face these tough challenges.

On behalf of the Board

Director

Director



FIRST DAWOOD INVESTMENT BANK LIMITED

ڈائریکٹرز کی رپورٹ

ہم تمام ڈائریکٹرز 30 جون 2017 کو ختم ہونے والی مالی سال کے لیے آڈٹ شدہ مالیاتی گوشواروں کے ساتھ تیسویں سالانہ رپورٹ پیش کرتے ہوئے مسرت محسوس کرتے ہیں

ادارے کی کارکردگی

گزرتے ہوئے سال کے دوران کمپنی نے کامیابی کے ساتھ جزوی واجبات کی ادائیگی اور بقیہ قرض کی ادائیگی کو ایک تجارتی بینک کے ری شیڈیول 0% سود پر کیا ہے۔ مزید یہ کہ کمپنی کے 2017 کے نتائج اس بات کی عکاسی کرتا ہے کہ ہماری انتظامیہ کی انتھک محنت اور کاوشوں اور حاضر کے ترجیحات جو کہ بینکنگ صنعت کو درپیش ہے بڑی کامیابی سے اس سے بڑا ڈاؤن ہونے ہیں۔ کمپنی انتظامیہ کی تسلسل سے ریکوری کی کامیاب کاوشوں کے نتیجے میں منافع قبل از ٹیکس 11.722 ملین روپے اس کی نسبت پچھلے سال کا منافع 22.471 ملین روپے ہے۔ جبکہ کمپنی کی حقیقی مالیت میں کمی ہوئی جو کہ 676.06 ملین روپے سے 409.45 ملین روپے ہو گئی ہے جس کی وجہ ڈیفیوڈ ٹیکس ایکٹ میں کمی ہے جو 298.49 ملین روپے ہے۔

ایف ڈی آئی بی کی توجہ غیر منافع بخش سرگرمیوں سے دور رہنے اور کیش فلو یقینی بنانے رکھنے پر مرکوز رہی ہے۔ لاگت کم سے کم سطح پر رکھنے کے ساتھ ساتھ اور ہینڈ آجرات کو بھی قابو میں رکھنے پر خاص توجہ دی جاتی رہی ہے۔ کمپنی کالون پورٹ فولیو بھی متاثر ہوا۔ مارکیٹ کے کروٹ ڈیفالٹرز سے ہمارے لیگل ڈپارٹمنٹ نے بات چیت کی تاکہ نان پرفارمنگ لونز کی بہتر سیٹلمنٹ ہو سکے۔ اس حوالے سے کی جانے والی کوششیں مجموعی طور پر خاصی کارگر اور سود مند ثابت ہوئی ہیں۔ چند ایک کیسز میں سیٹلمنٹ یقینی بنائی جاسکی اور اب ریکوری ہو رہی ہے۔ امید ہے کہ دیگر تمام اکاؤنٹس بھی جلد ہی سیٹل کر لیے جائیں گے اور ادارے کی منافع کمانے کی صلاحیت میں غیر معمولی اضافہ ممکن بنایا جاسکے گا۔

مالیاتی کارکردگی

پوری لیزنگ انڈسٹری مشکل حالات سے دوچار ہے۔ چند ایک چھوٹے ادارے محض اس لیے بچے ہوئے ہیں کہ انہیں بڑے صنعتی گروپوں کی سرپرستی اور مدد حاصل ہے۔ ایس ای سی پی نے نیاروڈ میپ دیا ہے۔ ریگولیٹری معاملات میں چلک پیدا کی گئی ہے۔ ایس ای سی پی نے اسٹاک مارکیٹ میں آنے والے بحران کے حوالے سے تاحال کوئی معاوضہ دینے کی بات نہیں کی۔ امید ہے کہ بہت جلد اس معاملے پر بھی توجہ دی جائے گی۔ امن وامان کا مسئلہ درپیش ہونے سے کاروباری شعبہ شدید مشکلات سے دوچار تھا۔ اب خیر سے سیکورٹی کی صورت حال بہتر ہے۔ اس سے انڈسٹری کو بہتر کارکردگی دکھانے کا موقع ملا ہے۔ 2008 کے بحران کے باوجود ادارے کی کارکردگی اچھی رہی۔ ایف ڈی آئی بی مارکیٹ میں پورے دم خم کے ساتھ موجود ہے۔ ان آٹھ نو برس میں ادارے نے بیرونی مالیاتی امداد لینے سے گریز کیا جو اس کے اعتماد کو ظاہر کرتا ہے۔



FIRST DAWOOD INVESTMENT BANK LIMITED

(مالیاتی گوشوارے)

	2017 Rupees	2016 Rupees
Lease and financing (loss) / income net of provision and impairment	14,156,749	53,967,086
Return on deposits and investments	17,984,082	14,394,411
Other gain / (loss)	3,630,537	15,308,090
Total (Loss) / Income	35,771,368	83,669,587
Administrative and Operating Expenses	(39,216,290)	(41,055,839)
Finance cost	(692,443)	(19,442,685)
Total Expenditure	39,764,956	23,171,063
Share of (loss) / profit of associates	15,859,151	(699,999)
(Loss) before Taxation	11,721,786	22,471,064
Taxation	(296,360,790)	477,797,975
(Loss) / Profit after Tax	(284,639,004)	500,269,039
(Loss) / Earnings Per Share – Basic	(1.92)	3.37
(Loss) / Earnings Per Share – Diluted	(1.92)	3.37

مستقبل کے امکانات

نانپرفارمنگلو نزاو ریڈوانسز پورٹفولیوز کیمڈ میں 45.19 ملین روپے کی ریکوری ہوئی۔ مزید اکاؤنٹس سے بھی جلد ریکوری کی امید ہے۔ اب بارہ سے اٹھارہ ماہ تک کیش فلو کا مسئلہ پیدا نہ ہونے کی امید ہے۔ مستقبل قریب میں پریشانی کی کوئی بات نہیں ہوگی۔ ریکوری کی صورت میں کیش فلو ہی بہتر نہ ہوگا بلکہ منافع کمانے کی صلاحیت بھی بہتر ہوگی اور ادارے کی مجموعی قدر و قیمت میں اضافہ ہوگا۔ ایف ڈی آئی بی نے مختلف شعبوں کی ساخت تبدیل کر کے پے رول کو کنٹرول کرنے کی کوشش کی ہے۔ اخراجات میں بھی کمی کی راہ ہموار کی گئی تاکہ منافع کمانے کی صلاحیت بہتر اور ایکویٹی کا گراف بلند ہو۔ اس صورت میں ادارے کی ایکویٹی میں شراکت کے حوالے سے بیرونی شخصیات یا ادارے بھی دلچسپی ظاہر کر سکتے ہیں اور شیئرز ہو لڈرز کو بھی ادارے کے ساتھ مزید اشتراک عمل کی تحریک ملے گی۔ امید ہے کہ لائسنس کی بحالی کے بعد ڈیفنڈ ٹیکس کی مدد سے ادارہ نئی لیز دینے کی پوزیشن میں آجائے گا۔

انٹرنل کنٹرول اور آڈٹ

ادارے کو پورا اعتماد ہے کہ 2013 تا 2017 کے بیچ سالہ منصوبے کے مطابق تمام مطلوبہ نتائج حاصل کر لیے جائیں گے۔ بزنس پلان میں مستقبل کے لیے ٹیکسیبل پروفٹس اور نئی ایکویٹی بھی شامل ہے۔ انٹرنل کنٹرول معیاری ہے۔ نگرانی کا نظام بھی جامع ہے۔ اس کے نتیجے میں معاملات بہتری کے ساتھ نمٹائے جا رہے ہیں۔ انٹرنل آڈٹ کے لیے جے اے ایس بی ایسوسی ایٹس چارٹرڈ اکاؤنٹنٹس کی خدمات حاصل کی گئی ہیں۔ یہ کمپنی آڈٹ کمیٹی کو براہ راست رپورٹ کرے گی۔



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اکاؤنٹنگ پالیسیز اور تخمینے

ایف ڈی آئی بی نے تمام ٹرانزیکشنز کا درست ترین ریکارڈ رکھنے کے لیے عالمی سطح پر تسلیم شدہ اصولوں کے تحت اکاؤنٹنگ پریسیجرز اپنائے ہیں۔ مالیاتی گوشواروں کے نوٹ نمبر 3 میں صراحت کی گئی ہے۔ اکاؤنٹنگ کے تخمینے معقول اور دانشمندانہ فیصلے کی روشنی میں تیار کیے گئے ہیں۔

ایکسٹرئل آڈیٹرز

آڈیٹرز ہارون زکریا اینڈ کمپنی چارٹرڈ اکاؤنٹنٹس سے معاہدے کی میعاد ختم ہو چکی ہے۔ انہوں نے دوبارہ تقرر کے لیے درخواست کی ہے۔

ریلیٹیوڈ پارٹی ٹرانزیکشن

تمام ریلیٹیوڈ پارٹی ٹرانزیکشنز آڈٹ کمیٹی کے سامنے پیش کیے جاتے ہیں۔ اور اس کے بعد وہ کمیٹی کی تجاویز کے ساتھ بورڈ آف ڈائریکٹرز کے سامنے نظر ثانی اور منظوری کے لیے پیش کیے جاتے ہیں۔

کارپوریٹ گورننس

30 جون 2017 کو ختم ہونے والے سال کے لیے طے شدہ کوڈ آف کارپوریٹ گورننس پر بھرپور عمل کیا گیا ہے۔ اس حوالے سے آڈیٹرز کی رپورٹ منسلک ہے۔ ایس ای سی پی اور کراچی اسٹاک ایکسچینج کی ہدایات کے مطابق درج ذیل امور کو یقینی بنانے کی کوشش کی گئی ہے۔

- 1- تمام مالیاتی گوشوارے ادارے کی درست پوزیشن ظاہر کریں۔
- 2- تمام مالیاتی کتب بہترین معیار کے ساتھ اپ ڈیٹیڈ رکھی جائیں۔
- 3- موزوں اور متعلق اکاؤنٹنگ پریکٹس اور طریق کار اپنایا جائے۔
- 4- انٹرنیشنل فائنانشل رپورٹنگ اسٹینڈرڈز اپنائے جائیں اور اگر کہیں نہ اپنائے جائیں تو تصریح کر دی جائے۔
- 5- انٹرنل کنٹرول کا معیاری نظام اپنایا گیا ہے۔ اس حوالے سے موثر نگرانی نظام بھی موجود ہے۔

آپریٹنگ نتائج میں اہم تبدیلیاں

ادارے نے گزرے ہوئے سال میں نان پر فارمنگ ایسیٹس کے لیے مزید 40.303 ملین روپے مختص کیے۔ لانگ ٹرم فنانس اور لیز فنانس فیسیلیٹیز کے لیے مختص رقم کمپنی نے انتظامی اخراجات میں نمایاں کمی واقع ہوئی ہے جو پچھلے سال 41.06 ملین روپے کے تناسب میں اس سال 39.22 ملین روپے ہے۔ واجبات کی سیٹلمنٹ اور ری اسٹرکچرنگ کے لیے بھی بات چیت کی گئی۔



FIRST DAWOOD INVESTMENT BANK LIMITED

اہم مالیاتی امور

- 1- ڈویڈنڈ (مقسوم) : ادارے کی مالی پوزیشن دیکھتے ہوئے بورڈ آف گورنرز نے طے کیا ہے کہ ڈویڈنڈ یا بونس شیئرز کے اجراء کا اعلان نہ کیا جائے۔
- 2- ٹیکس، ڈیویڈنڈ، لیویز، چارجز: مالیاتی گوشواروں میں بیان کردہ رقوم کے سوا کوئی بھی رقم ادارے پر واجب الادا نہیں۔ ادارے کا ٹیکس ڈپارٹمنٹ خدمات پر سیلز ٹیکس عائد کرنے اور ٹیکس ریگولیشنز میں تبدیلیوں کا جائزہ لے رہا ہے۔
- 3- پراویڈنٹ فنڈ: ملازمین کے لیے ادارے نے پراویڈنٹ فنڈ کا اہتمام کر رکھا ہے۔ اس میں 30 جون 2017 کے مطابق 124.68 ملین روپے موجود تھے۔
- 4- بورڈ آف ڈائریکٹرز اور کمیٹی کی میٹنگ: سال بھر میں بورڈ آف ڈائریکٹرز اور کمیٹی کی میٹنگ کی حاضری حسب ذیل رہی۔

ڈائریکٹرز کی میٹنگز

سیریل نمبر	نام	عہدہ	میٹنگ اٹینڈ کرنے کی اہلیت	حاضری
1	جناب رفیق داؤد	چیئرمین (نومینی)	4	4
2	جناب ایاز داؤد	ڈائریکٹر (نومینی)	4	4
3	ابو خورشید عارف	ڈائریکٹر اور مجوزہ سی ای او	4	4
4	جناب اسد حسین بخاری	ڈائریکٹر	4	4
5	جناب خورشید ابوالخیر	ڈائریکٹر	4	4

آڈٹ کمیٹی کی میٹنگز

سیریل نمبر	نام	عہدہ	میٹنگ اٹینڈ کرنے کی اہلیت	حاضری
1	جناب اسد حسین بخاری	چیئرمین	4	4
2	جناب خورشید ابوالخیر	رکن	4	4
3	جناب خورشید ایم عارف	رکن	4	4



FIRST DAWOOD INVESTMENT BANK LIMITED

وصولی ہو رہی ہے اور دوسری طرف واجبات کی ادائیگی کے لیے بھی معاملات طے کر لیے گئے ہیں۔ یہ تمام معاملات ادارے کے لیے مثبت اشارے ہیں۔

3- ادارے نے جو زمین فروخت کے لیے کلاسیفائی کی ہے اس کے بارے میں لاہور ہائی کورٹ نے بھی ہدایت کی ہے اسے کمپنی کے نام ٹرانسفر کر دیا جائے۔ یہ معاملہ زمین کے قبضے تک زیر التواء ہے۔

4- جنوری 2015 میں ادارے سے منسلک ایک کمپنی نے ای ایس سی پی کی اجازت سے کام دوبارہ شروع کیا اور لائسنس کی تجدید کے لیے درخواست بھی دی ہے تاکہ ایسیٹ مینجمنٹ کے حوالے سے خدمات جاری رکھی جاسکیں۔ ایس ای سی پی اپیلیٹ بینچ نے ادارے کے خلاف حکم غیر قانونی ہونے کی بنیاد پر مسترد کر دیا۔ ادارے کو پورا یقین ہے کہ ایسوسی ایٹڈ کمپنی کی بحالی سے ادارے کو اپنی سرمایہ واپس لینے میں کوئی دشواری پیش نہیں آئے گی کیونکہ وہ اسپانسر ہے اور اس کمپنی میں کنٹرولنگ اختیار رکھتا ہے۔ ساتھ ہی بھی امید ہے کہ بریک اپ ویلو سے زیادہ وصولی ممکن بنائی جاسکے گی۔

کمپنی کے شیئرز میں ٹریڈنگ / ڈیلنگ

سال بھر کے دوران ڈائریکٹرز، سی ای او، سی ایف او، کمپنی سیکریٹری، انٹرنل آڈیٹر، دیگر ملازمین اور اہل خانہ میں سے کسی نے بھی کمپنی کے شیئرز کے حوالے سے کوئی لین دین نہیں کیا۔

بیلنس شیٹ کے اجراء کے بعد ایسا کوئی بھی مالیاتی لین دین یا کوئی اور واقعہ رونما نہیں ہوا جسے بیلنس شیٹ میں شامل کرنا ضروری سمجھا جائے۔

اظہار تشکر

بورڈ آف ڈائریکٹرز مشکلات حالات میں بھی پوری محنت، لگن اور عزم کے ساتھ کام کرنے پر انتظامیہ سمیت تمام ملازمین کی خدمات کو قدر کی نگاہ سے دیکھتا ہے۔ شدید بحران کی کیفیت میں ادارے کو مالی اعتبار سے مستحکم رکھنے میں انتظامیہ نے قابل رشک کردار ادا کیا۔ ہم ادارے پر بھرپور اعتماد کا اظہار کرنے پر اپنے معزز کرم فرماؤں، بینکرز، ایکسٹرنل آڈیٹرز، بزنس پارٹنرز اور اسٹیک ہولڈرز اور شیئرز ہولڈرز کے بھی شکر گزار ہیں۔ ایف ڈی آئی بی کو مشکلات سے بہتر طور پر نبرد آزما ہونے کے قابل بنانے میں بروقت رہنما کردار ادا کرنے پر ہم اپنے (ریاستی ریگولیٹر) ایس ای سی پی کے بھی احسان مند ہیں۔

بورڈ آف ڈائریکٹرز کی طرف سے

ڈائریکٹر

ڈائریکٹر



FIRST DAWOOD INVESTMENT BANK LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2017.

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 on October 24, 2016 in an Annual General Meeting (AGMXXII) of the Company. The seven Directors have been elected in which five are existing directors. The legality of the approval process has been challenged and pending at the Islamabad High Court. Now the Company is considering to apply for approval of Directors subject to legal guidance. The Board has appointed Mr. Abu Khursheed M. Arif as Chief Executive Officer. However, application for approval of Chief Executive Officer is pending with SECP, therefore, Mr. Abu Khursheed M. Arif not assumed charge as CEO. As such two directors have signed the financial statements.

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 NBFI, 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 atleast 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-conversant 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. The Directors' Report of the Company for the year ended June 30, 2017 has been prepared in compliance with the requirements of the Code and fully describes the salient matters as required to be disclosed.
11. The financial statements of the Company were duly endorsed by director and CFO of the Company before approval of the Board.
12. 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.
13. The Company has complied with all the corporate and financial reporting requirements of the Code.
14. The Board has formed an Audit Committee comprises of three members all of whom are non-executive directors including the Chairman of the Committee.
15. 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.
16. 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.
17. 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 Head of Internal Audit to act as coordinator between the Firm and the Board.
18. 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.
19. 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.
20. 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.
21. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
22. 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:

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, 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24(b) of the code, 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 experience of Head of Internal Audit whose appointment is explained in Para 17, 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, 2017.

We draw attention to below instances of non-compliance with the requirements of the Code as are reflected in the Statement of Compliance.

S. No.	Paragraph Reference	Description
1	1	During the year company has appointed 2 new directors including 5 existing in AGM but their appointment has not confirmed due to legality of the approval with Honorable Islamabad High Court, Furthermore the Board has appointed Mr. Abu Khursheed M. Asif as Chief Executive Officer however his approval is pending with SECP.
2	9	Except for those exempted, other directors have not attended any training program of Corporate Governance because approval of director is pending from SECP.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: 29 September, 2017



FIRST DAWOOD INVESTMENT BANK LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of First Dawood Investment Bank Limited (the Company) as at June 30, 2017 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 Repealed 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, 2017, the Company has recognized deferred tax asset of Rs.381.210 million in respect of carry forward of unused tax losses and provisions that result in 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 Repealed 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 Repealed 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 Repealed 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, 2017 and of the loss, its comprehensive income, cash flows, and changes in equity for the year then ended; and
- e) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).



FIRST DAWOOD INVESTMENT BANK LIMITED

AUDITORS' REPORT TO THE MEMBERS

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, 2017 are in the tune of Rs.1,518.045 million, and as of that date, the Company's current liabilities exceed its current assets by Rs. 82.122 million and its licenses to carry out business are not renewed. These conditions along with other matters as stated in note 1.3 and contingencies identified in note 31.1 to note 31.6 has given rise to uncertainties which may cast significant doubt about the Company's ability to continue as a going concern and accordingly company may not be able to realize its assets and discharge the liabilities at stated amount.
- ii.** 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.
- iii.** note 17.2 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.
- iv.** note 10.3 to the financial statements explains the non renewal of license of 786 Investment limited (formerly Dawood Capital management Limited)

Our opinion is not qualified in respect of these matters.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: September 29, 2017

Engagement Partner:
Farhan Ahmed Memon



FIRST DAWOOD INVESTMENT BANK LIMITED

BALANCE SHEET AS AT JUNE 30, 2017

	2017	2016
	Rupees	Rupees
<u>ASSETS</u>		
Non-Current Assets		
Property and equipment	6 730,135	1,445,909
Intangibles assets	7 983,578	1,083,628
Investment properties	8 27,070,000	89,848,960
Net investment in finance lease	9 -	-
Long term investments	10 203,180,826	174,360,744
Long term finances	11 -	-
Long term deposits	12 4,139,822	4,139,822
Deferred tax asset - net	13 381,210,328	679,698,000
	617,314,689	950,577,063
Current Assets		
Current & overdue portion of non-current assets	14 171,976,537	227,207,474
Short term investments	15 79,246,555	85,518,562
Placements and finances	16 42,025,413	13,915,413
Assets classified as held for sale	17 93,295,960	27,103,000
Advance against lease commitments	18 -	-
Loans and advances	19 8,774,274	7,235,090
Income tax refund	718,236	718,236
Deposits and prepayments	20 35,019,196	25,283,025
Mark-up accrued	21 152,869	-
Other receivables	22 6,000,000	-
Cash and bank balances	23 4,084,279	6,101,941
	441,293,319	393,082,741
	1,058,608,008	1,343,659,804
<u>EQUITY AND LIABILITIES</u>		
Share Capital Reserves		
Ordinary shares	24 1,483,900,230	1,483,900,230
Capital reserves	435,100,336	435,100,336
Accumulated loss	(1,518,045,423)	(1,233,406,419)
	400,955,143	685,594,147
Share of unrealised gain on remeasurement of investments in associates	12,883,266	(46,791)
Unrealised loss on remeasurement of available-for-sale investments	(4,385,277)	(9,484,324)
	409,453,132	676,063,032
Non-Current Liabilities		
Long term loans	25 125,740,000	-
Long term deposits	26 -	-
	125,740,000	-
Current Liabilities		
Current & overdue portion of long term liabilities	27 361,991,536	493,510,443
Mark-up accrued	28 95,520,993	95,520,993
Short-term borrowings	29 56,266,346	61,625,243
Accrued and other liabilities	30 8,756,384	13,933,594
Taxation	879,617	3,006,499
	523,414,876	667,596,772
Contingencies and Commitments		
	31	
	1,058,608,008	1,343,659,804

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, 2017

	2017 Rupees	2016 Rupees
Income		
Lease income	4,365,073	5,240,703
Income from long term finances	4,878,644	179,282
Income from placement and finance	1,019,162	-
Return on investments and deposits	12,840,535	9,210,716
Gain on sale of securities - net	5,143,547	5,183,695
Other income	3,630,537	15,308,090
	<u>31,877,498</u>	<u>35,122,486</u>
Expenses		
Administrative expenses	(39,216,290)	(41,055,839)
Finance cost - Net	(8,586)	(19,442,685)
Other operating charges	(683,857)	-
	<u>(39,908,733)</u>	<u>(60,498,524)</u>
Operating loss before provisions and changes in fair value	(8,031,235)	(25,376,038)
Provisions / changes in fair value		
Reversal / (provision) of provision for potential lease and other loan losses - net	5,567,595	(25,835,294)
Impairment on asset classified as held for sale	-	(1,500,000)
Unrealized loss on remeasurment of investments - held for trading	(9,272,983)	(492,960)
Liabilities written back	-	77,724,930
Unrealized gain on remeasurment of investments property	5,414,000	-
Amount transferred from other comprehensive income	2,485,258	-
	<u>4,193,870</u>	<u>49,896,676</u>
	<u>(3,837,365)</u>	<u>24,520,638</u>
Others	-	(1,349,575)
Loss on disposal of asset classified as held for Sale	(300,000)	-
Share of profit/(loss) from associates- net	15,859,151	(699,999)
Profit before taxation	11,721,786	22,471,064
Taxation	(296,360,790)	477,797,975
(Loss)/Profit after taxation	(284,639,004)	500,269,039
(Loss)/Earning per share - basic	(1.92)	3.37
(Loss)/Earning per share - diluted	(1.92)	3.37

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, 2017

	2017 <i>Rupees</i>	2016 <i>Rupees</i>
A. CASH FLOW FROM OPERATING ACTIVITIES		
Profit before taxation	11,721,786	22,471,064
Adjustments:		
Depreciation	711,625	840,147
Gain on sale of securities - net	(5,143,547)	(5,183,695)
Amortization	100,050	100,050
Share of loss / (profit) from associates	(15,859,151)	699,999
Liabilities written back	-	(77,724,930)
Finance cost	8,586	19,442,685
Loss / (gain) on sale of property and equipment	(5,350)	(782,350)
Provision / (reversal of provision) for lease and other loan losses - net	(5,567,595)	25,835,294
Impairment on asset classified as held for sale	-	1,500,000
Income on DSCs	(30,874)	-
Unrealized (gain) / loss on remeasurement of investments - held for trading	9,272,983	492,960
Unrealized gain on remeasurement of investments property	(5,414,000)	-
Amount transferred from other comprehensive income	(2,485,258)	-
Exchange gain	(163)	(254,294)
	(24,412,694)	(35,034,134)
Changes in operating assets and liabilities		
(Increase) / decrease in operating assets		
Investment properties	68,192,960	-
Net investment in finance lease	4,800,310	28,439,600
Long term finances and deposits	10,126,841	11,448,508
Placements and finances	3,647,954	8,636,360
Assets classified as held for sale	(66,192,960)	-
Loans and advances	3,299,702	1,893,428
Deposits and prepayments	(9,736,171)	(4,305,097)
Mark-up accrued	(152,869)	(2,012)
Other receivables	(5,557,493)	1,200,000
	8,428,274	47,310,787
	(4,262,634)	34,747,717
Increase / (decrease) in operating liabilities		
Long term deposits	(18,907)	(21,515,424)
Accrued and other liabilities	(5,177,210)	(18,573,490)
	(9,458,751)	(5,341,197)
Finance cost paid	(8,586)	(4,388)
Taxes paid	(1,837,967)	(1,497,902)
Net cash used in operating activities	(11,305,304)	(6,843,487)



FIRST DAWOOD INVESTMENT BANK LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED JUNE 30, 2017

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
B. CASH FLOW FROM INVESTING ACTIVITIES		
Purchase of operating fixed assets	-	(126,000)
Proceeds from sale of property and equipment	9,500	911,750
Long and short term investments made - net	20,396,876	(17,463,667)
Net cash generated from / (used in) operating activities	20,406,376	(16,677,917)
C. CASH FLOW FROM FINANCING ACTIVITIES		
Repayment of long-term loans	(5,760,000)	-
Short term borrowings	(5,358,897)	(19,792,977)
Net cash used in operating activities	(11,118,897)	(19,792,977)
Net decrease in cash and cash equivalents	(2,017,825)	(43,314,381)
Foreign currency translation	163	254,294
Cash and cash equivalents at beginning of the year	6,101,941	49,162,028
Cash and cash equivalents at end of the year	4,084,279	6,101,941

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, 2017

	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Net (loss) / profit after taxation	(284,639,004)	500,269,039
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss		
Share of unrealised gain/(loss) from associates on remeasurement of investments	12,930,057	(4,882,169)
Unrealised gain/(loss) on remeasurement of available-for-sale investments	7,584,305	(1,351,287)
	20,514,362	(6,233,456)
Total comprehensive (loss) / income for the year	(264,124,642)	494,035,583

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 CHANGE IN EQUITY FOR THE YEAR ENDED JUNE 30, 2017

	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 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
Total comprehensive income for the year									
- Profit for the year	-	-	-	-	-	-	-	(284,639,004)	(284,639,004)
- Other comprehensive income									
Share of unrealised gain on remeasurement of associates' investments	-	-	-	-	-	12,930,057	-	-	12,930,057
Unrealised gain on remeasurement of available-for-sale investments	-	-	-	-	-	-	7,584,305	-	7,584,305
Transfer to statutory reserve	-	-	-	-	-	-	-	-	-
Dividend on preference shares @ 4% for the year	-	-	-	-	-	-	-	-	-
Transfer to profit and loss Account	-	-	-	-	-	-	(2,485,258)	-	(2,485,258)
Balance at June 30, 2017	1,483,900,230	-	379,076,942	53,426,910	2,596,484	12,883,266	(4,385,277)	(1,518,045,423)	409,453,132

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, 2017

1. STATUS AND NATURE OF BUSINESS

- 1.1 First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Repealed 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, 2017 amounted to Rs.9.40 billion (2016: Rs. 9.40 billion).
- 1.3 The Company earned a net loss of Rs 284.639 million during the year ended June 30, 2017, its accumulated losses reached to Rs1518.045 million as at June 30, 2017 and its current liabilities exceed current assets by Rs 82.122 million. The Company faced liquidity crunch due to aftermath of financial crisis 2008-09 which result primarily in view of unwarranted closure of PSX (formerly 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 various loans & liabilities have been settled and about Rs. 483.080 millions is outstanding for which the Company is making efforts to settle in a similar manner. Presently, the equity of the Company is 409.453 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. 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

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.361.99 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, 2017, the Company made recoveries amounting Rs. 45.19 million which is below the expected recovery amount of Rs. 90.00 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.100 to 150 million in the next two financial years.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

1.5 Expected NBF sector reforms / regime

The requirement of minimum equity is expected to be resolved with the support from group companies 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.409.45 which exceeding the MCR by Rs.259.45 millions.

1.6 Future prospects

During current year recovery of Rs.13.631 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, 2017, only one case is pending in the court of law. The financial institution has filed a recovery suit aggregated to Rs. 89.01 million in Honourable High Court .

Unfunded exposure

Total amount of letters of comfort / guarantees as at June 30, 2017 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 The Board has appointed Mr. Abu Khurshed M. Arif as Chief Executive Officer. However, application for approval of Chief Executive Officer is pending with SECP, therefore, Mr. Abu Khurshed M. Arif not assumed charge as CEO, As such two directors have signed these financial statements.

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 Repealed 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 Repealed Ordinance and the said directive issued by SECP shall prevail.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Companies Ordinance, 1984. In case requirements differ, the provisions for directives of the repealed Companies Ordinance, 1984 shall prevail.

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>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 2 Classification and Measurement of Share Based Payment Transactions (Amendment)	01 January 2018
IFRS 10 Associates and Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Yet not finalised
IAS 7 Financial Instruments: Disclosures - Disclosure Initiative (Amendment)	01 January 2017
IAS 12 Income Taxes – Recognition of Deferred Tax Assets for Unrealized losses (Amendments)	01 January 2017
IFRS 4 Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance	01 January 2018
IFRIC 22 Foreign Currency Transactions and Advance Consideration	01 January 2018
IFRIC 23 Uncertainty over Income tax treatment	01 January 2019

The Company expects that the adoption of the above standards and amendments will not have any material impact on the Company's financial statements in the period of initial application.

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

*Effective date
(annual periods beginning on
or after)*

3.1. *Standard or Interpretation*

IFRS 9 - Financial Instruments:	01 January 2018
IFRS 14 - Regulatory Deferral	01 January 2018
IFRS 15 - Revenue from Contracts	01 January 2018
IFRS 16 - Leases	01 January 2019
IFRS 17 - Insurance Contracts	01 January 2021

The company expects that above new standards will not have any material impact on the Company's financial statements in the period of initial application.

3.2. *Annual Improvements*

IFRS 5 - Non Current Assets Held for Sale and Discontinued Operation - Changes in method of disposal.
IFRS 7 - Financial Instruments: Disclosures - Servicing Contracts.
IFRS 7 - Financial Instruments: Disclosures - Applicability of off-setting disclosure to condensed interim financial statements.
IFRS 19 - Employee Benefits - Discount rate: Regional market issue.
IAS 34 - Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'.

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.

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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

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 derecognition 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 through 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

	Note	2017 Rupees	2016 Rupees
6 PROPERTY AND EQUIPMENT	6.1	<u>730,135</u>	<u>1,445,909</u>

6.1 Operating fixed assets

	At July 01, 2016	Additions / (deletions)	At June 30, 2017	At July 01, 2016	For the year / (on deletions)	At June 30, 2017	Carrying value at June 30, 2017	Rate of depreciation %
----- Rupees -----								
<i>Owned</i>								
Furniture and fixtures	171,235	-	171,235	94,088	17,124	111,212	60,024	10
Office equipment	3,609,189	-	3,609,189	3,492,127	58,975	3,551,102	58,087	20
Computer equipment	4,829,099	-	4,829,099	4,819,323	9,776	4,829,099	-	33.33
Vehicles	7,244,650	-	7,203,150	6,002,726	625,750	6,591,126	612,024	20
		(41,500)			(37,350)			
	<u>15,854,173</u>	<u>-</u>	<u>15,812,673</u>	<u>14,408,264</u>	<u>711,625</u>	<u>15,082,538</u>	<u>730,135</u>	
		(41,500)			(37,350)			
	17,491,173	126,866	15,854,173	15,201,717	840,147	14,408,264	1,445,909	
		(1,763,000)			(1,633,600)			

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	41,500	37,350	4,150	9,500	5,350	Sale in Open Market	Syed Noor Ali
	<u>41,500</u>	<u>37,350</u>	<u>4,150</u>	<u>9,500</u>			
	1,763,000	1,633,600	129,400	911,750			

6.1.2 Cost of fully depreciated assets still in use is Rs.12.46 million (2016 : Rs.12.102 million).



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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).

7	INTANGIBLES ASSETS	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
	Golf Club Membership Card	7.1	<u>983,578</u>	<u>1,083,628</u>
7.1	Golf Club Membership Card			
	Opening net book value		1,083,628	1,183,678
	Addition		-	-
	Amortization charge		<u>(100,050)</u>	<u>(100,050)</u>
	Closing net book value		<u>983,578</u>	<u>1,083,628</u>
	As at June 30, 2017			
	Cost		1,500,000	1,500,000
	Accumulated amortization		<u>(516,422)</u>	<u>(416,372)</u>
			<u>983,578</u>	<u>1,083,628</u>
	Rate of amortization (%)		<u>6.67%</u>	<u>6.67%</u>
8	INVESTMENT PROPERTIES			
	Balance at beginning of the year		89,848,960	89,848,960
	Transfer to asset classified as held for sale	17.3	<u>(68,192,960)</u>	-
	Gain on fair value adjustment		<u>5,414,000</u>	-
	Balance at end of the year		<u>27,070,000</u>	<u>89,848,960</u>

8.1 Fair value of the investment properties as at June 30, 2017 has been determined by the professional valuer which is registered on the panel of Pakistan Banks' Association (PBA) and NBFI & 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 neighborhoods 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
9 NET INVESTMENT IN FINANCE LEASE			
Net investment in finance lease	9.1	513,220,182	518,020,492
Provision for potential lease losses	9.2	<u>(418,783,376)</u>	<u>(397,330,918)</u>
		94,436,806	120,689,574
Current portion shown under current assets	9.3	<u>(94,436,806)</u>	<u>(120,689,574)</u>
		<u>-</u>	<u>-</u>
		<i>Less than one year</i>	<i>More than one year and less than five years</i>
	<i>Note</i>	<i>----- Rupees -----</i>	
9.1 Particulars of net investment in finance lease			
<i>2017</i>			
Minimum lease payments receivable	9.1.1	564,938,874	564,938,874
Residual value of leased assets		<u>61,167,875</u>	<u>61,167,875</u>
		626,106,749	626,106,749
Unearned finance income		-	
Mark-up held in suspense		<u>(112,886,567)</u>	<u>(112,886,567)</u>
Net investment in lease finance		<u>513,220,182</u>	<u>513,220,182</u>
<i>2016</i>			
Minimum lease payments receivable	9.1.1	574,085,350	574,085,350
Residual value of leased assets		<u>61,186,782</u>	<u>61,186,782</u>
		635,272,132	635,272,132
Unearned finance income		<u>(8,051)</u>	<u>(8,051)</u>
Mark-up held in suspense		<u>(117,243,589)</u>	<u>(117,243,589)</u>
Net investment in lease finance		<u>518,020,492</u>	<u>518,020,492</u>
9.1.1	As at June 30, 2017, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounted to Rs.438.29 million (2016 : Rs. 444.03 million). The forced sale value benefit considered against these non-performing lease portfolio was Rs19.50 million (2016: Rs 46.70 million).		
9.1.2	The lease finances carry mark up ranging from six month KIBOR plus spread of 2% to 5% (2016: six month KIBOR plus spread of 2% to 5%) per annum having maturity upto 5 years and are secured against leased assets.		
9.2 Provision for potential lease losses	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
Balance at beginning of the year		397,330,918	410,238,033
Charge / (reversal) for the year - net	37	<u>(21,452,458)</u>	<u>(75,292)</u>
Written off during the year			<u>(12,831,823)</u>
Balance at end of the year		<u>418,783,376</u>	<u>397,330,918</u>
9.3 Current portion of finance lease - net of provision			
Finance lease	9.1	513,220,182	518,020,492
Provision for potential lease losses	9.2	<u>(418,783,376)</u>	<u>(397,330,918)</u>
	14	<u>94,436,806</u>	<u>120,689,574</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

10 LONG TERM INVESTMENTS	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Investments in:			
- Associates - equity method	10.1 - 10.5	202,865,262	174,076,054
- Defence Saving Certificates - held to maturity		315,564	284,690
		203,180,826	174,360,744
10.1 Movement of investment in associates			
Balance at beginning of the year		174,076,054	179,658,222
Share of profit / (loss)	40	15,859,151	(699,999)
Share of reversal of deficit on revaluation of available-for-sale investments recognised in other comprehensive income		12,930,057	(4,882,169)
Balance at end of the year		202,865,262	174,076,054

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 -----								
2017								
786 Investment Limited (Formerly Dawood Capital Management Limited) Chief Executive: Tara Uzra Dawood	15.00	June 30, 2017	Audited	287,198,782	16,312,331	270,886,451	10,013,419	55,142,017
B.R.R. Investments (Private) Limited Chief Executive: Ayaz Dawood	41.63	June 30, 2017	Unaudited	165,347,378	11,679,280	153,668,098	44,430,019	26,283,842
Dawood Family Takaful Limited Chief Executive: Mr. Nasir Mehmood	26.57	June 30, 2017	Unaudited	3,344,347,041	2,981,971,257	362,375,784	11,588,889	(12,625,120)
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)

10.2 Carrying value of investment in associates

<i>2017</i> <i>Number of Shares</i>	<i>2016</i> <i>Number of Shares</i>	<i>Name of associate</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
2,246,070	2,246,070	786 Investment Limited (Formerly Dawood Capital Management Ltd.)	40,633,000	30,955,518
4,762,100	4,762,100	B.R.R. Investments (Private) Limited	65,956,216	44,604,934
19,926,010	19,926,010	Dawood Family Takaful Limited	96,276,046	98,515,602
			202,865,262	174,076,054



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

- 10.3** The license of the one of the associated company i.e. 786 Investment Limited (Formerly 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 an audited financial statements for the year ended June 30, 2017.
- 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, 2017, 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.

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
11 LONG TERM FINANCES			
Term finance facilities - secured	11.1 - 11.3	255,034,342	265,161,183
Provision for doubtful finances	11.4	(177,494,611)	(158,643,283)
		<u>77,539,731</u>	106,517,900
Current portion shown under current assets	14	(77,539,731)	(106,517,900)
		-	-
11.1 The reconciliation of long term finance is as under:			
Balance at beginning of the year		265,161,183	276,405,691
Received during the year		(10,126,841)	(11,244,508)
Balance at end of the year		255,034,342	265,161,183

- 11.2** The mark-up / profit rates on these facilities ranges from 13.5% to 15.1% (2016: 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, 2017, long term finance of Rs.245.21 million (2016 : Rs. 253.26 million) have been placed under non-performing status. The forced sales value benefits considered against these non-performing finances amounted to Rs.67.71 million (2016 : Rs. 94.61 million).

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
11.4 Particulars of provision for doubtful receivables			
Balance at beginning of the year		158,643,283	169,482,095
Provision during the year		46,712,828	4,291,041
Reversals for the year - net	37	(27,861,500)	(15,129,853)
Balance at end of the year		177,494,611	158,643,283

12 LONG TERM DEPOSITS

Security Deposit-NCCPL	4,139,822	4,139,822
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FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
13 DEFERRED TAX ASSET - NET			
Deferred tax asset - net		381,210,328	679,698,000
13.1 Deductible temporary differences arising in respect of:			
Provision for lease losses and doubtful receivables		307,965,418	334,234,909
Carry forward of tax losses		73,244,910	345,463,091
Net deferred tax asset-recognized		381,210,328	679,698,000
13.2			
<p>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.</p>			
	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
14 CURRENT & OVERDUE PORTION OF NON-CURRENT ASSETS			
Net investment in finance lease	9	94,436,806	120,689,574
Long-term finances	11	77,539,731	106,517,900
		171,976,537	227,207,474
15 SHORT TERM INVESTMENTS			
Available-for-sale			
Term finance certificates / sukuk bonds	15.1	12,468,230	29,926,083
Unquoted shares	15.2	20,565,212	12,980,907
Preference shares	15.3	377,668	377,668
		33,411,110	43,284,658
Less: Provision for impairment in preference shares		(377,668)	(377,668)
		33,033,442	42,906,990
At fair value through profit or loss - held for trading			
Quoted equity securities	15.4	21,599,644	17,381,027
Quoted equity securities for deliverable future	15.5	-	25,230,545
Investment held with NCCPL	15.6	24,613,470	-
		79,246,555	85,518,562



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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

15.1.4 TFCs of Invest Capital Investment Bank Limited amounting to Rs.0.00 million (2016: Rs. 15 million) have been pledged with a DFI against the guarantee provided to Asian Development Bank on behalf of the Company.

15.1.5 TFCs aggregated to Rs.4.54 million (2016: 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:

2017	2016		Note	2017	2016
Number of Shares				Rupees	Rupees
2,512,299	2,512,299	Burj Bank Limited	15.2.1	24,950,489	24,950,489
2,518,454	2,518,454	First Pakistan Securities Ltd.		36,000,000	36,000,000
				<u>60,950,489</u>	<u>60,950,489</u>
		Impairment loss on First Pakistan Securities Limited		(36,000,000)	(36,000,000)
		Unrealised loss on remeasurement of investments	15.2.2	<u>(4,385,277)</u>	<u>(11,969,582)</u>
				<u>20,565,212</u>	<u>12,980,907</u>

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.

	Note	2017	2016
		Rupees	Rupees
15.2.2 Movement in unrealized loss on remeasurement of investments			
Balance at beginning of the year		(11,969,582)	(10,618,295)
Unrealised gain/ (loss) during the year	15.2.2.1	<u>7,584,305</u>	<u>(1,351,287)</u>
Balance at end of the year		<u>(4,385,277)</u>	<u>(11,969,582)</u>

15.3 Preference shares

2017	2016		Note	2017	2016
Number of Shares				Rupees	Rupees
		Quoted			
75,500	75,500	Azgard Nine Ltd.	15.3.1	377,668	377,668
		Less: Provision for impairment		<u>(377,668)</u>	<u>(377,668)</u>
				<u>-</u>	<u>-</u>

15.3.1 These represent cumulative redeemable convertible preference shares carried dividend at the rate of 0% (2016: 0%) 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

15.4 Quoted equity securities

Fully paid ordinary shares of Rs. 10

2017		2016			2017	2016
Number of Shares					Rupees	Rupees
8,600	8,600			Allied Bank Limited	770,732	773,657
100	-			Agriauto Industries Limited	43,190	-
20,000	55,000			Bank Of Punjab	235,600	442,200
45,000	10,000			Byco Petroleum Pakistan Limited	859,500	205,400
-	300			Cherat Cement Limited	-	35,870
3,000	2,500			Crescent Steel & Allied Product	715,710	286,525
576	576			Dawood Hercules Corporation Limited	85,781	85,781
-	3,000			Fatima Fertilizer Limited	-	101,820
13,000	20,000			Fauji Fertilizer Bin Qasim Limited	556,920	1,060,201
11,500	18,400			GlaxoSmithKline Pakistan Limited	2,264,580	3,096,294
3,450	-			GlaxoSmithKline Consumer Healthcare Pakistan Limited	721,085	-
98	98			Habib Bank Limited	26,376	19,361
-	7,500			Hi-Tech Lubricants Limited	-	443,776
50,000	202,500			K-Electric Limited	345,000	1,632,149
1,500	2,000			Linde Pakistan Limited	361,530	209,000
55,937	-			Loads Limited	2,319,707	-
99,000	180,000			Lotte Chemical Pakistan Limited	975,150	1,081,800
4,501	2,451			Murree Brewery Company Limited	3,473,647	1,514,740
2,000	2,400			National Refinery Limited	1,451,980	1,140,960
10,020	10,120			Pakistan Petroleum Limited	1,484,363	1,569,107
7,500	12,500			Pakistan Telecommunication Company Limited	117,075	187,875
-	8,000			Pace Pakistan Limited	-	50,000
64,624	58,550			Pakistan International Bulk	1,496,692	1,877,698
17,000	-			PICIC Growth Fund	527,000	-
35,000	-			Quice Food Industries Limited	232,050	-
500	-			Service Industries Limited	655,000	-
270	270			Siemens Pakistan Engineering Co. Ltd.	186,300	268,537
1,000	-			Shahtaj Textile Limited	132,430	-
4	4			The Searle Company Limited	2,048	2,145
39,940	289,940			Silkbank Limited	67,099	492,896
26,250	16,250			Treet Corporation Limited	1,493,100	803,237
					21,599,644	17,381,027

15.4.1 These include shares having a market value aggregating to Rs.1.702 million (2016: Rs. 3.228 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 Quoted equity securities for deliverable future

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

2017		2016			2017	2016
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



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

2017	2016		2017	2016
<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
-	852,000	K-Electric Limited	-	6,873,505
-	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.

15.6 Investment held with NCCPL

2017	2016		2017	2016
<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
162,500		- Quice Food Industries Limited	1,077,375	-
241,000		- TPL Trakker Limited	2,381,080	-
10,000		- Treet Corporation Limited	568,800	-
513,500		- TRG Pakistan Limited - Class 'A'	20,586,215	-
			24,613,470	-

16	PLACEMENTS AND FINANCES	Note	2017 Rupees	2016 Rupees
	Placement - unsecured	16.1	3,000,000	6,000,000
	Provision for doubtful placement	16.1.1	-	-
			3,000,000	6,000,000
	Financing against shares	16.2	155,185,306	155,823,260
	Provision for doubtful finances	16.2.1	(155,185,306)	(155,823,260)
			-	-
	Short-term finances - secured	15.3 & 15.3.1	11,300,000	11,300,000
	Provision for doubtful finances	16.3.2	(11,300,000)	(11,300,000)
			-	-
	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	87,614,717	87,624,717
	Provision for doubtful finances	16.4.1	(48,589,304)	(79,709,304)
			39,025,413	7,915,413
			42,025,413	13,915,413



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
16.1.1 Movement in provision for doubtful placement		
Balance at beginning of the year	-	9,000,000
Charge/(Reversal) for the year	-	(9,000,000)
Balance at end of the year	<u>-</u>	<u>-</u>

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

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
16.2.1 Movement in provision for doubtful financing against shares		
Balance at beginning of the year	155,823,260	306,756,172
(Written off) during the year	-	(150,932,912)
Received during the year	(637,954)	-
Balance at end of the year	<u>155,185,306</u>	<u>155,823,260</u>

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

	<i>Note</i>	<i>2017</i>	<i>2016</i>
		<i>Rupees</i>	<i>Rupees</i>
16.3.1 The reconciliation of short term finances-secured is as under:			
Balance at beginning of the year		11,300,000	32,717,935
Received during the year		-	(5,636,360)
Written off during the year	37	-	(15,781,575)
Balance at end of the year		<u>11,300,000</u>	<u>11,300,000</u>

16.3.2 Movement in provision for doubtful finances

Balance at beginning of the year	11,300,000	11,300,000
Charge/(Reversal) for the year	-	-
Balance at end of the year	<u>11,300,000</u>	<u>11,300,000</u>

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.

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
16.4.1 Movement in provision for doubtful murabaha / musharika finances		
Balance at beginning of the year	79,709,304	48,599,304
(Reversal) / charge for the year	(31,120,000)	31,110,000
Balance at end of the year	<u>48,589,304</u>	<u>79,709,304</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

- 16.5 As at June 30, 2017, an amount of Rs 259.10 million (June 30, 2016: Rs 259.75 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.39.03 million (June 30, 2016 : Rs.7.92 million).

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
17 ASSETS CLASSIFIED AS HELD FOR SALE			
Balance at beginning of the year		27,103,000	28,603,000
Assets disposed off during the year	17.1	(2,000,000)	-
	17.2	25,103,000	28,603,000
Asset transfer from investment property	17.3	68,192,960	-
Impairment in value of Asset classified as held for sale		-	(1,500,000)
Balance at end of the year		93,295,960	27,103,000

- 17.1 During the year company has disposed the property situated at Gulshan-maymar, having a book value of Rs. 2 million was sold for Rs.1.7 million.

- 17.2 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. 25.10 million (June 30, 2016 : Rs. 27.103 million) represent a property situated at Patoki. The Honourable Lahore High Court has ordered to transfer the ownership of Patoki land 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. During previous year legal advisor has informed 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.

- 17.3 This represents five office amounting Rs. 68.193 millions that will be transferred to UBL in settlement of loan as explained in note 25.1.2 has been transferred from investment property.

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
18 ADVANCE AGAINST LEASE COMMITMENTS			
Considered doubtful		35,696,247	35,696,247
Provision for doubtful advances		(35,696,247)	(35,696,247)
		-	-

19 LOANS AND ADVANCES

Considered good

Advance income tax	6,304,855	4,466,888
Loan to employee	194,998	265,502
Advance rent	1,852,925	2,502,700
Others	421,496	-
	8,774,274	7,235,090

Considered - Doubtful

Short term advance - Dawood Power	-	3,000,920
Limited (associated company)	-	(3,000,920)
Less : Provision for doubtful advances	-	-
	8,774,274	7,235,090

20 DEPOSITS AND PREPAYMENTS

Margin deposit receivable from NCCPL	20.1	34,928,050	25,230,979
Prepayments		91,146	52,046
		35,019,196	25,283,025



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

20.1 This represents margin held by National Clearing Company of Pakistan Limited against deliverable future contracts.

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
21 MARKUP ACCRUED			
Placement and finances		52,023	-
Short term investment		100,846	-
		<u>152,869</u>	<u>-</u>

22 OTHER RECEIVABLES

Considered good

Receivable from nazir SHC	22.1	6,000,000	-
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Considered doubtful

Decretal amount receivable	22.2	37,302,430	37,302,430
TFC proceeds receivable from Bankers Equity Limited		-	12,365,100
Receivable against lease termination		70,960,530	71,403,040
Receivable against KSE Card transaction-net	22.3	45,515,114	45,515,114
Accounts receivable - others		5,295,096	5,295,096
Brokerage receivable		636,660	636,660
		<u>159,709,830</u>	<u>172,517,440</u>
Less : Provision for doubtful receivables	22.4	<u>(159,709,830)</u>	<u>(172,517,440)</u>
		<u>6,000,000</u>	<u>-</u>

22.1 This represents amount receivable from Nazir high court Sindh against TFCs of Gharibwal cement limited pledged with nazir SHC against a loan from HBFC. Gharibwal cement limited has confirmed to pay Rs 6,000,000 in respect of TFCs having book value of Rs, 5,550,000 by a letter dated October 13, 2015. Owing to the aforementioned factors company has derecognized investment & reversed provision on the TFCs accordingly the difference between the amount confirmed & book value has been transferred to profit & Loss.

22.2 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.

22.3 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.

	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
22.4 Movement in provision for doubtful receivables			
Balance at beginning of the year		172,517,440	173,717,440
(Reversal) / charge during the year	38	<u>(12,807,610)</u>	<u>(1,200,000)</u>
Balance at end of the year		<u>159,709,830</u>	<u>172,517,440</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

23 CASH AND BANK BALANCES	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
With banks			
- In deposit accounts	23.1	302,144	5,919,815
- In current accounts		3,782,135	182,126
		4,084,279	6,101,941

23.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 4.52% to 7% (2016 : 4.52% to 7%).

24 SHARE CAPITAL

24.1 Authorized

<i>2017 Number of Shares</i>	<i>2016 Number of Shares</i>		<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
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
150,000,000	150,000,000			1,500,000,000	1,500,000,000
150,000,000	150,000,000	Ordinary or preference shares of Rs.10 each	24.1.1	1,500,000,000	1,500,000,000

24.2 Issued, subscribed and paid-up

<i>2017 Number of Shares</i>	<i>2016 Number of Shares</i>			<i>2017 Rupees</i>	<i>2016 Rupees</i>
		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	24.2.1	857,407,330	857,407,330
472,087	472,087	- issued on acquisition		4,720,870	4,720,870
148,390,023	148,390,023			1,483,900,232	1,483,900,230

24.2.1 During the year ended 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, 2017 associated undertakings, namely 786 Investment Limited (formerly Dawood Capital Management Limited) holds 2,382,641 (2016: 2,382,641), BRR Guardian Modaraba holds 3,342,562 (2016: 3,342,562) and BRR Investments (Private) Limited holds 490,591 (2016: 490,591) ordinary shares of the Company.

25 LONG TERM LOANS - Secured	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
Commercial banks	25.1	426,813,673	432,573,673
Current portion shown under current liabilities	27	(301,073,673)	(432,573,673)
		125,740,000	-



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

25.1 Reconciliation of commercial bank loans	Note	2017 Rupees	2016 Rupees
Balance at beginning of the year		432,573,673	432,573,673
Repaid / settled during the year		(5,760,000)	-
Balance at end of the year		426,813,673	432,573,673

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% (2016: 0% to 5%) per annum payable on quarterly / half yearly basis.

25.1.2 During the year, loan liability of United bank limited (UBL) was rescheduled and FDIBL has paid down payment of Rs. 5.76 million whereby remaining liability will be repaid as follows:

	<i>Rs in Millions</i>
(i) Acquisition of five offices located in business avenue by UBL	57.6
(ii) Twenty quarterly installments of Rs.3.407 millions each after adjustment of (i) above and grace period of 18 months	68.14
	125.74

Accordingly loan has been reclassified in long term based on agreement dated June 22nd, 2017.

26 LONG TERM DEPOSITS - Security deposits	Note	2017 Rupees	2016 Rupees
Lease deposits	26.1	60,917,863	60,936,770
Current portion shown under current liabilities	27	(60,917,863)	(60,936,770)
		-	-

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	Note	2017 Rupees	2016 Rupees
Long-term loans	25	301,073,673	432,573,673
Long-term lease deposits	26	60,917,863	60,936,770
		361,991,536	493,510,443

28 MARK-UP ACCRUED	Note	2017 Rupees	2016 Rupees
Secured:			
- Long-term loans		7,272,000	7,272,000
Unsecured:			
- Short-term borrowings		88,248,993	88,248,993
		95,520,993	95,520,993



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.

29	SHORT TERM BORROWINGS	Note	2017 Rupees	2016 Rupees
	Unsecured			
	Call borrowing - commercial bank		-	2,139,404
	Development Financial Institution	29.1	56,266,346	59,485,839
			56,266,346	61,625,243

29.1 The investment arrangement got matured on June 30, 2009, but due to the then liquidity crunch the company could not timely settle the repayment. Since, the investing 'Development Financial Institution' (DFI) didn't agree to settle the out standings against available assets of the company (like other financial institutions), therefore it filed a legal suit. It obtained a decree of Rs.75.0M plus cost of fund payable within a year (i.e. by March 2017) in 12-installments. Further as per the Order of Honorable 'Supreme Court of Pakistan' (SCP), the DFI was to release the cash & securities on a pro-rata basis, which were held by the Nazir of High court in this case. The DFI shared a 'cost of fund' inclusive of; Administrative & Provision costs (in addition to cost of funds). In view of the above, the company took assistance of the report of Rating Agency for 'cost of fund' and structured the 'Schedule of Repayment'. The DFI accepted the first cheque, which triggered the repayment schedule, as per the offer. Thereafter 12-installments were duly paid by the company i.e. from April 2016 until March 2017, after settling the value of securities that were not released. Thus to create an unnecessary dispute, the DFI has filed a fresh case in the High court, which is pending. The company is seeking legal advice to properly close this matter in the books of account.

30	ACCRUED AND OTHER LIABILITIES	Note	2017 Rupees	2016 Rupees
	Payable to associated company		-	9,080,000
	Temporary overdraft		-	905,458
	Token money received	30.1	5,000,000	-
	Accrued Liabilities		3,756,384	3,948,136
			8,756,384	13,933,594

30.1 This represents advance against sale of investment property which is not transferred in Assets held for sale for sale from investment property as the advance is refundable subject to compliance with legal formalities.

31	CONTINGENCIES AND COMMITMENTS	2017 Rupees	2016 Rupees
31.1	Letters of comfort / guarantees	1,088,000,000	1,088,000,000

"These are guarantees amounting to Rs. 1,088 million (2016: Rs.1,088 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

- 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 Objections filed by the Company against the claim of Rs. 32.87 million by Pak Kuwait Investment Company Limited-PKICL are pending for adjudication before the Honourable Court.
- 31.4 Suit with the Bank Alfalah Limited - BAFL is pending for property for which title documents have been transferred by the company and require the BAFL to coordinate directly with the title owner.
- 31.5 The matter with House Building Finance Corporation Limited - HBFCL is discussed in Note 29.1 with related liability.
- 31.6 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.

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
32 RETURN ON INVESTMENTS AND DEPOSITS		
Return on investments - HBOS capital bond	-	268,384
Income from Brrgm Sukuk	10,382,774	7,234,432
Income on DSCs	30,874	84,690
Profit on bank deposits	753,760	1,075,004
Dividend income	583,127	548,205
Markup Received on Term Finance Certificates	1,090,000	-
	12,840,535	9,210,716
33 OTHER INCOME		
On non - financial assets		
Fee and commission and other charges	169,280	3,288,305
Markup income	-	2,882,543
Rental income from investment properties	3,450,744	5,089,141
Gain on disposal of property and equipment / insurance claim	5,350	782,350
Others	5,000	3,011,457
Exchange gain	163	254,294
	3,630,537	15,308,090



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

34 ADMINISTRATIVE EXPENSES	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Salaries and benefits	34.1	24,144,681	24,528,909
Directors' meeting fees		737,782	600,665
Rent, rates and taxes		1,249,700	1,912,584
Legal, professional and consultancy		5,797,570	3,946,897
Vehicles running and maintenance		1,400,931	1,561,621
Fees and subscription		1,437,821	3,587,031
Brokerage		306,944	234,675
Travelling and conveyance		93,573	55,850
Postage and telephone		127,840	248,927
Printing and stationery		219,704	242,808
Insurance		179,156	609,184
Entertainment		193,998	283,968
Advertisement		81,000	64,470
Repairs and maintenance		602,372	277,413
Auditors' remuneration	34.2	1,465,820	1,661,250
Depreciation	6.1	711,625	840,147
Amortization	7.1	100,050	100,050
Share registrar service		322,500	299,390
Other expenses		43,223	-
		<u>39,216,290</u>	<u>41,055,839</u>

34.1 It include Rs.1,267,116 (2016 : Rs.1,269,008) in respect of Company's contribution in defined contribution plan.

34.2 Auditors' remuneration	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Statutory audit fee		750,000	1,000,000
Half yearly review fee		400,000	318,000
Review report on Code of Corporate Governance		100,000	-
Other services and certification		128,000	250,000
Out of pocket expenses		87,820	93,250
		<u>1,465,820</u>	<u>1,661,250</u>

35 FINANCE COST		<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Mark-up on			
Long-term loans		-	7,272,000
Short-term borrowings		-	12,166,297
Bank charges		8,586	4,388
		<u>8,586</u>	<u>19,442,685</u>

36 OTHER OPERATING CHARGES		<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Sindh Worker's Welfare Fund	36.1	<u>683,857</u>	-

36.1 This includes an amount of Rs.449,421 pertaining to previous year.



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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
37 REVERSAL / (PROVISION) FOR POTENTIAL LEASE AND OTHER LOAN LOSSES - NET			
Net investment in finance lease	9.2 , 37.1	(21,452,458)	75,292
Long term finances	11.4	(18,851,328)	10,838,812
Placements and finances	16	31,757,954	(37,891,575)
Other receivables	22.4	442,507	1,200,000
Loan and advances	19	3,000,920	-
Short term investment	15.1.2	10,670,000	-
Accrued markup		-	(57,823)
		<u>5,567,595</u>	<u>(25,835,294)</u>
37.1 This reflects reversal of excess provision made in earlier years. The correction is made prospectively owing to practical difficulties in identifying period specific amount.			
	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
38 LIABILITIES WRITTEN BACK			
Liabilities written back	38.1	-	77,724,930
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 PROFIT / (LOSS) FROM ASSOCIATES-Net		<i>2017 Rupees</i>	<i>2016 Rupees</i>
Dawood Family Takaful Limited		(3,354,244)	(5,851,309)
786 Investment Limited (formerly Dawood Capital Management Limited)		8,271,330	4,376,394
B.R.R. Investment (Private) Limited		10,942,065	774,916
		<u>15,859,151</u>	<u>(699,999)</u>
41 TAXATION			
Current year		(879,617)	(3,006,499)
Deferred tax		(298,487,672)	480,804,474
Prior year		3,006,499	-
		<u>(296,360,790)</u>	<u>477,797,975</u>
41.1 Returns upto the tax year 2016 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 at any time during the period of five years select the deemed assessment for audit.			



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
42 (LOSS) / EARNINGS PER SHARE		
(Loss) / profit after taxation - basic	<i>Rupees</i> (284,639,004)	500,269,039
(Loss) / profit after taxation - diluted	<i>Rupees</i> (284,639,004)	500,269,039
Weighted average number of ordinary shares - basic EPS	<i>Numbers</i> 148,390,023	148,390,023
Weighted average number of ordinary shares - diluted EPS	<i>Numbers</i> 148,390,023	148,390,023
(Loss) / earnings per share - basic	<i>Rupees</i> (1.92)	3.37
(Loss) / earnings per share - diluted	<i>Rupees</i> (1.92)	3.37

43 REMUNERATION TO CHAIRMAN, DIRECTORS AND EXECUTIVES

	2017			
	<i>Chairman</i>	<i>Chief Executive Officer *</i>	<i>Director</i>	<i>Executives</i>
	----- Rupees -----			
Managerial remuneration	-	-	5,520,000	8,634,004
Provident fund	-	-	552,000	616,398
Reimbursement of expenses	2,673,578	-	-	-
Utilities	-	-	2,760,000	611,996
Medical	-	-	60,872	154,000
Fuel	-	-	227,248	575,540
Bonus	-	-	690,000	754,000
	2,673,578	-	9,810,120	11,345,938
Number of persons	1	-	1	4
	2016			
	<i>Chairman</i>	<i>Chief Executive Officer *</i>	<i>Director</i>	<i>Executives</i>
	----- 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

* 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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:

	2017	2016
Size of the fund - Total assets	Rs. <u>124,684,909</u>	<u>105,755,658</u>
Cost of investments made	Rs. <u>100,475,972</u>	<u>65,390,759</u>
Percentage of investments made	<u>80.56%</u>	<u>90.29%</u>
Fair value of investments	Rs. <u>100,449,246</u>	<u>95,485,179</u>

The break-up of fair value of investments are:

	2017	---- % ----	2016	---- % ----
Investment in securities	13,540,568	13%	4,546,582	5%
Government securities	25,000,000	25%	25,000,000	26%
Debt securities	30,102,299	30%	20,653,331	22%
Mutual funds	31,806,379	32%	22,456,486	24%
Bank balances	-	0%	22,828,780	24%
	<u>100,449,246</u>	<u>100%</u>	<u>95,485,179</u>	<u>100%</u>

The investments out of provident fund have been made in accordance with the provisions of Section 227 of the Repealed 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
- 5 786 Investment Limited (Formerly Dawood Capital Management Limited)
- 6 Dawood Global Foundation

43.3.1 The total and average number of employees during the year and as at June 30, 2017 and 2016 respectively are as follows:

	2017	2016
Average number of employees during the year	<u>9</u>	<u>9</u>
Number of employees at year end	<u>8</u>	<u>8</u>



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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:

	2017		2016	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
Investment in associates				
Balance at beginning of the year	-	174,076,054	-	179,658,222
Share of Profit/(loss) from associates	-	15,859,151	-	(699,999)
Share of unrealised gain/(loss) from associates on remeasurement of investments in other comprehensive income	-	12,930,057	-	(4,882,169)
Balance at end of the year	-	202,865,262	-	174,076,054
Short term loans	-	-	-	9,080,000
Term finance certificates/sukuk bonds	-	12,468,230	-	29,926,083
Settlement transactions				
Vehicle sold	-	-	827,000	-

	2017		2016	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
Charge to profit and loss account				
Common expenses paid	-	204,755	-	580,025
Share of loss from associates	-	15,859,151	-	(699,999)
Rental income	-	1,086,000	-	1,086,000
Rent expense	-	818,400	-	818,400
Takaful expense	-	68,813	-	68,420



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

45.1 Segment information for the year ended June 30, 2017

	Leasing		Investments		Long term finances		Placements and finances		Fee, commission and other income		Total	
	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016
Segment revenues	4,465,073	52,40,703	17,984,082	14,394,411	4,878,644	179,232	1,019,162	-	3,630,557	15,308,090	31,877,498	35,122,486
Share of (loss) / profit from associates	-	-	15,859,151	(699,999)	-	-	-	-	-	-	15,859,151	(699,999)
Segment results	4,465,073	52,40,703	33,843,233	13,694,412	4,878,644	179,232	1,019,162	-	3,630,557	15,308,090	47,736,649	34,422,487
Reversal of provision for potential lease and other loan losses - net	21,452,488	(75,292)	(10,670,000)	-	18,851,238	(10,838,812)	(31,757,954)	37,891,575	(442,507)	(1,142,177)	(6,566,675)	25,835,294
Unrealized gain / (loss) on remeasurement of investments	-	-	(9,272,983)	(492,560)	-	-	-	-	-	-	(9,272,983)	(492,560)
Impairment on available-for-sale securities	-	-	-	-	-	-	-	-	-	-	-	-
Surplus on revaluation of investment properties	-	-	-	-	-	-	-	-	-	-	-	77,724,930
Loss on settlement of liabilities	-	-	-	-	-	-	-	-	-	-	-	(1,300,000)
Impairment on asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	-	(1,349,575)
Others	-	-	-	-	-	-	-	-	-	-	(39,216,290)	(41,055,839)
Administrative expenses	-	-	-	-	-	-	-	-	-	-	(8,586)	(19,442,085)
Finance cost	-	-	-	-	-	-	-	-	-	-	(683,857)	-
Other operating charges	-	-	-	-	-	-	-	-	-	-	(3,000,920)	-
Reversal of provision	-	-	-	-	-	-	-	-	-	-	(300,000)	-
Loss on disposal of asset classified as held for sale	-	-	-	-	-	-	-	-	-	-	(7,312,662)	74,141,632
(Loss) / profit before taxation	94,436,806	120,689,574	282,427,381	259,879,306	77,539,751	106,517,900	42,025,413	13,915,413	-	-	496,429,331	501,002,193
Taxation	-	-	-	-	-	-	-	-	-	-	(296,360,790)	477,919,575
(Loss) / profit after taxation	94,436,806	120,689,574	282,427,381	259,879,306	77,539,751	106,517,900	42,025,413	13,915,413	-	-	496,429,331	501,002,193
Unallocated assets	-	-	-	-	-	-	-	-	-	-	561,178,677	842,657,611
Total assets	123,490,111	160,821,591	369,315,630,73	346,295,063	101,394,082,62	141,937,515	54,954,451,84	18,542,463	-	-	1,058,608,008	1,343,659,804
Segment liabilities	-	-	-	-	-	-	-	-	-	-	649,154,876	667,596,772
Total liabilities	-	-	-	-	-	-	-	-	-	-	649,154,876	667,596,772
Net Assets	123,490,111	160,821,591	369,315,630,73	346,295,063	101,394,082,62	141,937,515	54,954,451,84	18,542,463	-	-	409,453,132	676,063,032



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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	2017					%
	Leasing operations	Investments	Long-term finances	Placements and finances	Total	
	--- Rupees ---					
Chemicals, fertilizers and pharmaceuticals	67,172,921	4,967,093	46,910,127	-	119,050,141	9.00
Construction	8,919,225	-	97,446,462	-	106,365,687	8.04
Electrical goods	14,779,300	2,567,380	-	-	17,346,680	1.31
Energy, oil and gas	576,620	4,140,843	3,077,500	-	7,794,963	0.59
Food, tobacco and beverages	-	6,844,972	-	-	6,844,972	0.52
Individuals	37,007,631	-	39,574,812	169,000,023	245,582,466	18.56
Insurance	-	96,276,046	-	-	-	-
Steel, engineering and automobile	7,964,447	3,078,607	-	-	11,043,054	0.83
Sugar and allied	13,606,112	132,430	-	-	13,738,542	1.04
Textile	170,994,458	377,668	-	-	171,372,126	12.95
Transport and communication	163,475,340	22,199,982	10,521,065	2,100,000	198,296,387	14.99
Financial	-	191,701,017	4,625,235	75,000,000	271,326,252	20.51
Leather and Tanneries	-	655,000	-	-	655,000	0.05
Miscellaneous	80,442,820	4,348,775	52,879,141	16,000,000	153,670,736	11.61
	564,938,874	337,289,813	255,034,342	262,100,023	1,323,087,006	100
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

The Company's operations are restricted to Pakistan only.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

46 FINANCIAL INSTRUMENTS BY CATEGORY	2017 Rupees	2016 Rupees
Financial assets as per balance sheet		
Held for trading		
Quoted equity securities	46,213,114	42,611,572
Available for sale		
Term finance certificates	12,468,230	29,926,083
Unquoted equity securities	20,565,212	12,980,907
	33,033,442	42,906,990
Loans and receivables		
Net investment in lease finance	94,436,806	120,689,574
Long-term finances	77,539,731	106,517,900
Long term deposits	4,139,822	4,139,822
Placements and finances	42,025,413	13,915,413
Loans and advances	194,998	265,502
Mark-up accrued	152,869	-
Other receivables	6,000,000	-
Cash and bank balances	4,084,279	6,101,941
	228,573,918	251,630,152
	307,820,474	337,148,714
Financial liabilities as per balance sheet		
Financial liabilities measured at amortised cost		
Long term loans	426,813,673	432,573,673
Long term deposits	60,917,863	60,936,770
Mark-up accrued	95,520,993	95,520,993
Short-term borrowings	56,266,346	61,625,243
Accrued and other liabilities	8,756,384	13,933,594
	648,275,259	664,590,273
46.1 Reconciliation of financial assets and liabilities with total assets and liabilities		
Total financial assets	307,820,474	337,148,714
Add: Non financial assets		
Property and equipment	730,135	1,445,909
Intangibles assets	983,578	1,083,628
Assets classified as held for sale	93,295,960	27,103,000
Investment properties	27,070,000	89,848,960
Investment in associates - equity method	203,180,826	174,360,744
Income tax refund	718,236	718,236
Prepayments	43,598,472	32,252,613
Deferred tax asset	381,210,328	679,698,000
	750,787,535	1,006,511,090
Total assets	1,058,608,009	1,343,659,804
Total financial liabilities	648,275,259	664,590,273
Add: Non financial liabilities		
Taxation	879,617	3,006,499
Total liabilities	649,154,876	667,596,772



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

46.1.1 Mismatch of interest rate sensitive assets and liabilities

Effective interest rate	2017							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%	94,436,806	Rupees	-	-	-	-	94,436,806
Long term investments	6.85%-10.845%	-	-	-	-	315,564	202,865,262	203,180,826
Long-term finances	13.5% - 15.1%	77,539,731	-	-	-	-	-	77,539,731
Long term deposits	-	-	-	-	-	-	4,139,822	4,139,822
Short term investments	-	-	-	-	-	-	79,246,555	79,246,555
Placements and finances	8.5% - 24%	42,025,413	-	-	-	-	-	42,025,413
Loans and advances	-	-	-	-	-	-	8,774,274	8,774,274
Mark-up accrued	-	-	-	-	-	-	152,869	152,869
Other receivables	-	-	-	-	-	-	6,000,000	6,000,000
Cash and bank balances	4.52% - 7%	302,144	-	-	-	-	3,782,135	4,084,279
		214,304,094					315,564	519,580,575
Financial liabilities								
Long term loans	0% - 6.31%	301,073,673	-	-	-	-	-	301,073,673
Long term deposits	-	-	-	-	-	-	60,917,863	60,917,863
Mark-up accrued	-	-	-	-	-	-	95,520,993	95,520,993
Short-term borrowings	17.00%	56,266,346	-	-	-	-	-	56,266,346
Accrued and other liabilities	-	-	-	-	-	-	8,756,384	8,756,384
		357,340,019					165,195,240	522,535,259
On balance sheet gap		(143,035,925)					315,564	(2,954,684)

The Company has investment properties and assets held for sale Rs.27.07 million and Rs.93.3 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.

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.89.85 million and Rs.27.1 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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:

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
Fixed rate instruments at carrying amount:		
Financial assets		
Bank balances	302,144	5,919,815
Financial liabilities		
Loan term loans and related current portion	426,813,673	432,573,673
Short-term borrowings	56,266,346	61,625,243
	<u>483,080,019</u>	<u>494,198,916</u>
Variable rate instruments at carrying amount:		
Financial assets		
Net investment in lease finance	94,436,806	120,689,574
Long term finances	77,539,731	106,517,900
Placements and finances	42,025,413	13,915,413
	<u>214,001,950</u>	<u>241,122,887</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. 2.14 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

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. 0.16 million, therefore, the Company is not materially exposed to foreign currency risk as at June 30, 2017.

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. 46.213 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. 0.428 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.

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
Net investment in lease finance	94,436,806	120,689,574
Long term investments	202,865,262	174,076,054
Long term finances	77,539,731	106,517,900
Long term deposits	4,139,822	4,139,822
Short term investments	12,468,230	29,926,083
Placements and finances	42,025,413	13,915,413
Loans and advances	-	3,000,920
Mark-up accrued	152,869	-
Cash and bank balances	4,084,279	6,101,941
	<u>437,712,412</u>	<u>458,367,707</u>

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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

	<i>Short term</i>	<i>Long term</i>	<i>Rating agency</i>
Habib Metropolitan Bank Limited	A1+	AA+	PACRA
BankIslami Pakistan Limited (formerly Burj Bank Limited)	A1	A+	PACRA
MCB Bank Limited	A1+	AAA	PACRA
Al Baraka Bank	A1	A	PACRA
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).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>----- Rupees -----</i>		
June 30, 2017			
Investments at fair value through Profit and loss			
Quoted equity securities	46,213,114	-	-
Unquoted shares	-	-	20,565,212
Term finance certificates / sukuk bonds	-	-	29,926,083
Investments in:			
Associates - equity method	40,633,000	-	162,232,262
Defence Saving Certificates - held to maturity	-	315,564	-
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
Investments in:			
Associates - equity method	30,955,518	-	143,120,536
Defence Saving Certificates - held to maturity	-	284,690	-

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.



FIRST DAWOOD INVESTMENT BANK LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2017

As of balance sheet date, the Company has liquid assets to the tune of Rs. 83.331 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, 2017 and 2016 were as follows:

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
Total borrowings	483,080,019	494,198,916
Less: Cash and bank balances	(4,084,279)	(6,101,941)
Net debt	478,995,740	488,096,975
Total equity	409,453,132	676,063,032
Total capital	888,448,872	1,164,160,007
Gearing ratio	54%	42%

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 29, 2017** by the Board of Directors of the Company.

51. GENERAL

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

Director

Director



FIRST DAWOOD INVESTMENT BANK LIMITED

**PATTERN OF SHAREHOLDING - ORDINARY SHARES
AS ON JUNE 30, 2017**

Number Of Share Holders	Share Holding			Total Shares Held
	From	To		
925	1	-	100	30,673
487	101	-	500	158,861
846	501	-	1,000	783,436
1045	1,001	-	5,000	3,049,013
441	5,001	-	10,000	3,726,319
188	10,001	-	15,000	2,509,093
139	15,001	-	20,000	2,601,098
101	20,001	-	25,000	2,396,219
76	25,001	-	30,000	2,135,589
22	30,001	-	35,000	745,911
35	35,001	-	40,000	1,340,918
31	40,001	-	45,000	1,349,950
64	45,001	-	50,000	3,170,584
20	50,001	-	55,000	1,052,696
24	55,001	-	60,000	1,407,640
14	60,001	-	65,000	878,091
16	65,001	-	70,000	1,099,056
13	70,001	-	75,000	967,120
11	75,001	-	80,000	865,332
8	80,001	-	85,000	671,000
4	85,001	-	90,000	356,500
5	90,001	-	95,000	462,865
29	95,001	-	100,000	2,893,000
5	100,001	-	105,000	513,881
7	105,001	-	110,000	761,680
2	110,001	-	115,000	229,178
8	115,001	-	120,000	950,500
5	120,001	-	125,000	623,500
1	125,001	-	130,000	130,000
2	135,001	-	140,000	276,090
3	140,001	-	145,000	427,500
10	145,001	-	150,000	1,492,975
3	150,001	-	155,000	458,500
1	155,001	-	160,000	157,000
5	160,001	-	165,000	821,500
1	165,001	-	170,000	165,500
1	170,001	-	175,000	175,000
1	175,001	-	180,000	175,352
2	180,001	-	185,000	366,370
2	185,001	-	190,000	374,743
7	195,001	-	200,000	1,400,000
3	200,001	-	205,000	609,852
1	205,001	-	210,000	207,500
2	210,001	-	215,000	425,500
1	215,001	-	220,000	217,291
2	230,001	-	230,000	468,000
1	245,001	-	250,000	250,000
1	255,001	-	255,000	250,096
2	265,001	-	270,000	531,500
2	270,001	-	275,000	548,500
2	295,001	-	300,000	598,500
2	310,001	-	315,000	630,000
2	315,001	-	320,000	634,483
1	340,001	-	345,000	345,000
1	345,001	-	350,000	350,000
1	355,001	-	360,000	358,000



FIRST DAWOOD INVESTMENT BANK LIMITED

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
3	395,001	-	1,200,000
2	400,001	-	801,537
1	430,001	-	431,000
1	490,001	-	492,594
1	495,001	-	500,000
1	525,001	-	527,000
1	530,001	-	531,500
2	595,001	-	1,199,276
1	610,001	-	613,000
1	635,001	-	636,500
1	640,001	-	640,619
1	695,001	-	700,000
1	700,001	-	700,500
1	705,001	-	710,000
1	770,001	-	771,500
1	795,001	-	800,000
2	880,001	-	1,767,208
1	1,165,001	-	1,170,000
1	1,295,001	-	1,300,000
1	1,335,001	-	1,335,900
1	1,370,001	-	1,373,000
1	1,415,001	-	1,418,522
1	1,585,001	-	1,585,564
1	1,800,001	-	1,800,164
1	1,920,001	-	1,921,400
1	2,340,001	-	2,341,935
1	2,365,001	-	2,369,500
1	2,380,001	-	2,382,641
1	2,585,001	-	2,585,770
1	7,200,001	-	7,200,657
1	8,945,001	-	8,947,200
1	10,375,001	-	10,378,637
1	16,765,001	-	16,768,444
1	19,910,001	-	19,914,000
4673			148,390,023

Categories of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
Individuals	4,613	77,633,927	52.32
Joint Stock Companies	26	2,285,001	1.54
Insurance Companies	8	17,693,593	11.92
Financial Institutions	9	43,551,792	29.35
Investment Companies	6	1,652,634	1.11
Modarabas	6	3,517,973	2.37
Modaraba Management Companies	1	200,667	0.14
Mutual Fund	1	1,585,564	1.07
Others	3	268,872	0.18
	4,673	148,390,023	100.00



FIRST DAWOOD INVESTMENT BANK LIMITED

Additional Information Of Ordinary Shares As On June 30, 2017

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	1,585,784	1.07
	CDC - Trustee National Investment (UNIT) Trust	1,585,564	
	Investment Corporation of Pakistan	220	
3	Directors, CEO, their Spouses and Minor Childern	14,834,718	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	
	Muhamamd Saeed	500	
	Christopher John Aitken Andrew	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	52,575,881	35.43
	Shareholders Holding Five Percent Or More In The Company	56,010,918	37.75
	National Bank of Pakistan	19,916,637	13.42
	The Bank of Khyber	16,768,444	11.30
	State Life Insurance Corp. Of Pakistan	10,378,637	6.99
	Rafique Dawood	8,947,200	6.03



FIRST DAWOOD INVESTMENT BANK LIMITED

FORM OF PROXY
23rd 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 **23rd Annual General Meeting** of the Company to be held on Friday October 27, 2017
at 06 : 45 p.m. and to every adjournment thereof.

And witness my/our hand/seal this _____ day of _____ 2017, 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 20, 2017 to October 27, 2017 (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 notarially 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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AFFIX
CORRECT
POSTAGE

FIRST DAWOOD INVESTMENT BANK LIMITED
18th floor, B.R.R Tower, Hassan Ali Street off: I.I. Chundrigar Road, Karachi-74000

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
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