



# FIRST DAWOOD INVESTMENT BANK LIMITED

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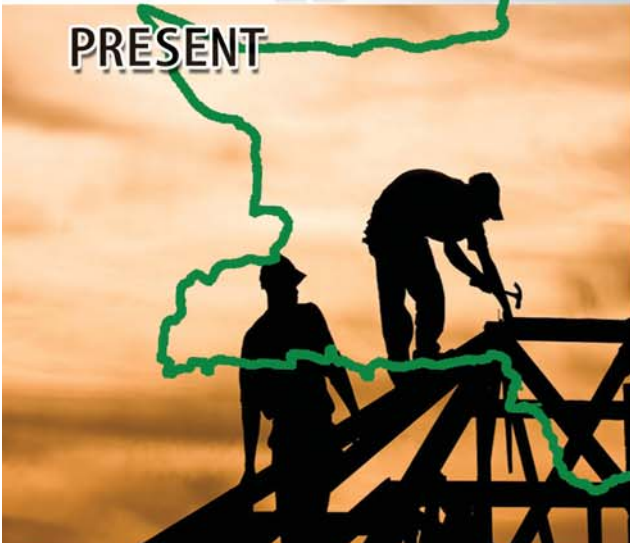


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FIRST DAWOOD INVESTMENT BANK LIMITED

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FIRST DAWOOD INVESTMENT BANK LIMITED

## CORPORATE INFORMATION

<b>Board of Directors</b>	Mr. Rafique Dawood Mr. Abu Khursheed M. Ariff Mr. Ayaz Dawood Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair	Chairman Director & CEO (Not assumed charge as CEO) Director Director Director
<b>Audit Committee</b>	Mr. Asad Hussain Bokhari Mr. Khurshid A. Khair	Chairman Member
<b>HR&amp;R Committee</b>	Mr. Khurshid A. Khair Mr. Asad Hussain Bokhari Mr. Abu Khursheed M. Ariff	Chairman Member Member
<b>Chief Financial Officer</b>	Mr. Syed Musharaf Ali	
<b>Company Secretary</b>	Mr. Naveed Ahmed	
<b>Auditors</b>	Haroon Zakaria & Company Chartered Accountants	
<b>Legal counsels</b>	A.Q. Abbasi & Associates Kabirji & Talibuddin Kamal Azfar & Associates Khalil Asif Ejaz & Co. Mohsin Tayebaly & Co. Minto & Mirza Nishtar & Zafar S & B Durrani Law Associates	
<b>Bankers</b>	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.	
<b>Registered Office</b> Head Office	18 <sup>th</sup> Floor, B.R.R Tower, Hasan Ali Street Off: I. I. Chundrigar Road, Karachi-74000 PABX: +92 (21) 3260-2401-06 Fax : +92 (21)3227-1912 Email: fdib@firstdawood.com URL : www.firstdawood.com	
<b>Share Registrar</b>	F.D. Registrar Services (SMC-Pvt) Ltd. 1705, 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi-74000 Tel: +92 (21) 3547 8192-93 / 021-32771906 Fax : +92 (21) 3262 1233 / 021-32271905 Email: fdregistrar@hotmail.com, fdregistrar@yahoo.com	

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



FIRST DAWOOD INVESTMENT BANK LIMITED

## **VISION AND MISSION STATEMENT/ CORPORATE STRATEGY**

### **VISION STATEMENT**

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

### **MISSION STATEMENT**

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

### **CORPORATE STRATEGY**

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



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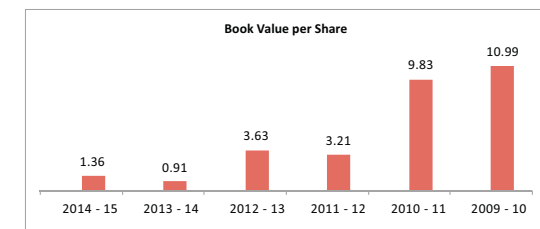
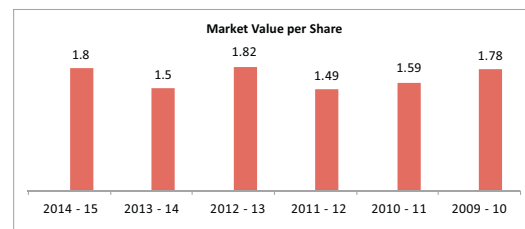
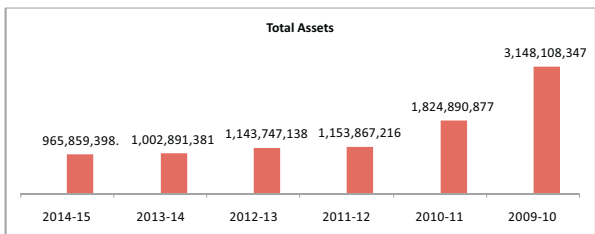
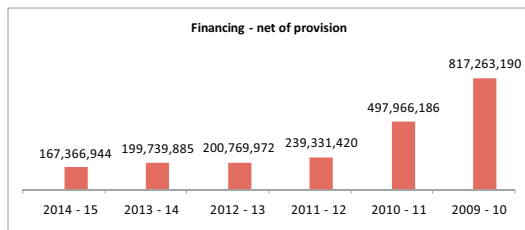
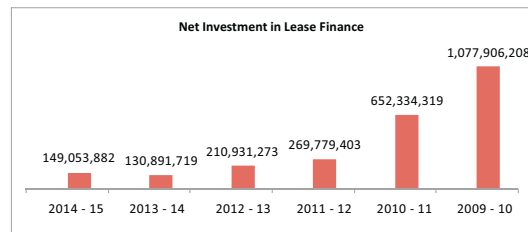
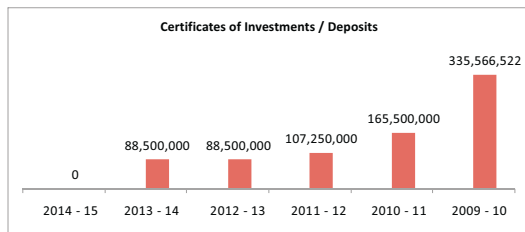
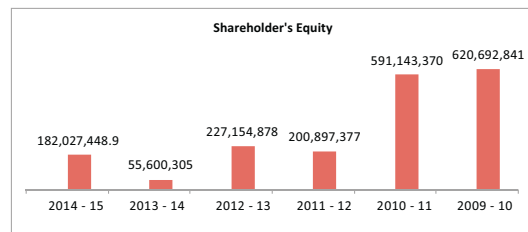
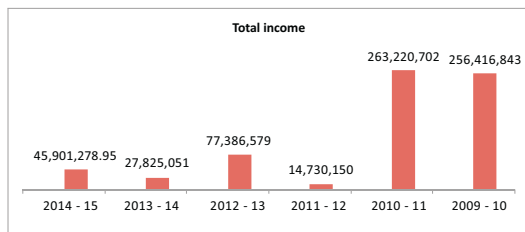
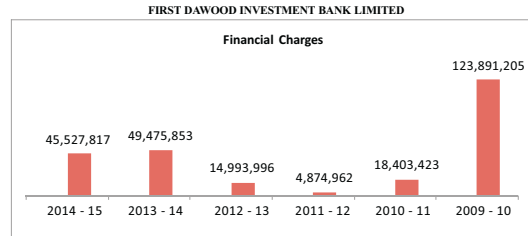
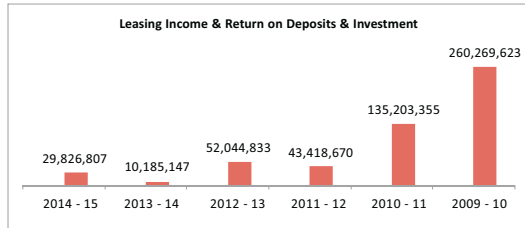
## FINANCIAL HIGHLIGHTS

	2014-15	2013-14	2012-13	2011-12	2010-11	2009-10
<b>PROFIT &amp; LOSS</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>	<b>Rupees</b>
Lease Income & Return on deposit & Investment	29,826,807	10,185,147	52,044,833	43,418,670	135,203,355	260,269,623
Financial Charges	45,527,817	49,475,853	14,993,996	4,874,962	18,403,423	123,891,205
Fee, commission, brokerage & others	10,407,622	11,136,459	24,748,775	(29,082,716)	78,569,971	56,576,610
Dividend & capital gain/(loss)	5,666,850	6,503,445	592,971	394,196	49,447,376	(60,429,390)
Total Income	45,901,279	27,825,051	77,386,579	14,730,150	263,220,702	256,416,843
Provisions / (Surplus) / Deficit	53,338,990	37,051,368	10,595,297	306,001,742	74,474,521	(201,350,448)
Operating expenses	41,845,235	66,022,591	73,223,894	84,482,499	88,027,391	99,622,885
Operating profit/ (loss) before tax and provision	46,559,165	(103,857,361)	(8,290,666)	34,091,012	156,789,888	32,902,753
Profit (loss) after taxation	6,508,693	(140,945,055)	49,909,276	(376,387,222)	(44,284,223)	377,676,221
Profit/(loss) before taxation	6,779,825	(140,908,729)	(18,885,963)	(408,083,157)	12,644,688	234,253,201
Dividends	-	-	-	-	-	-
Bonus shares	-	-	-	-	-	-
<b>BALANCE SHEET</b>						
Shareholder's equity	182,027,449	55,600,305	227,154,878	200,897,377	591,143,370	620,692,841
Deficit I surplus on Revaluation of Investment	(3,297,659)	(6,982,479)	(5,006,303)	(9,987,869)	(24,502,432)	(67,870,526)
Certificate of Investment I Deposits	-	88500000	88,500,000	107,250,000	165,500,000	335,566,522
Borrowings from financial institutions	513,991,893	524,872,003	542,545,880	591,764,164	769,890,505	1,668,756,721
Net Investment In Lease Finances	149,053,882	130,891,719	210,931,273	269,779,403	652,334,319	1,077,906,208
Financing - net of Provision	167,366,944	199,739,885	200,769,972	239,331,420	497,966,186	817,263,190
Investment - net of provision	244,658,359	245,882,042	251,218,488	220,665,494	213,833,608	601,779,989
Total Assets	965,859,398	1,002,891,381	1,143,747,138	1,153,867,216	1,824,890,877	3,148,108,347
<b>FINANCIAL RATIOS</b>						
Gross spread ratio (%)	-34.49%	-79.41%	73.51%	89%	8639.00%	52.40%
Income / expense ratio (Times)	0.53	0.240912778	0.16	0.16	2.47	1.15
Return on Average Equity (ROE) (%)	5.48%	-253.50%	23.32%	-95%	-731.00%	740.53%
Return on Average Assets (ROA) (%)	0.66%	-14.05%	4.34%	-25.27%	-1.78%	9.12%
Profit / (Loss) before tax ratio	0.15	(5.06)	(1.37)	-27.7	0.05	0.91
Financing I Deposit Ratio (Average) (%)	414.81%	225.69%	224.73%	270.32%	262.49%	162%
Total assets turnover ratio /Fixed assets turnover ratio (Times)	0.0024	0.01	0.07	0.01	3.79	27.19
Price Earning ratio	20.00	(0.55)	4.92	(0.53)	-4.82	0.30
Market Value per share	1.8	1.5	1.82	1.49	1.59	1.78
Earning per share (Rs.)	0.09	(2.71)	0.34	(2.80)	-0.33	6.03
Book value per share (Rs.)	1.36	0.91	3.63	3.21	9.83	10.99
Employees remuneration (Rs. In Million)	25.80	32.19	34.74	33.64	48.59	52.97
Government tax (Rs. In Million)	0.95	1.02	1.8	2.92	0.01	2.92
Number of employees	9	18	25	31	33	34



FIRST DAWOOD INVESTMENT BANK LIMITED

FINANCIAL HIGHLIGHT





FIRST DAWOOD INVESTMENT BANK LIMITED

## **NOTICE OF 21<sup>st</sup> ANNUAL GENERAL MEETING (AGM XXI)**

Notice is hereby given that the AGM XXI 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 Saturday, October 31, 2015 at 2:00 p.m. to transact the following business:

### **Ordinary Businesses**

1. To confirm the minutes of XX Annual General Meeting held on October 31, 2014.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2015 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, 2016.
4. Any other business with the permission of the Chair.

**By Order of the Board**

October 08, 2015  
Karachi

**Naveed Ahmed**  
Company Secretary

### **Notes:**

1. The share transfer books of the Company shall remain closed from October 24, 2015 to October 31, 2015 (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. The CDC account/sub-account holders are requested to bring with them their computerized National ID Cards (CNIC) along with Participant(s) ID number and their account numbers at the time of attending this meeting in order to facilitate identification of the respective shareholder(s). In respect of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting.



FIRST DAWOOD INVESTMENT BANK LIMITED

## DIRECTORS' REPORT

### Dear Shareholders,

The Directors of your Company are pleased to present to you the 21st Annual Report annexed with Audited Financial Statements of the Company for the year ended June 30, 2015.

### Business Performance

During the year, your company made good progress and was able to convert its convertible & cumulative preference shares along the entire outstanding dividend into ordinary shares. Further, the company continued its recovery drive with assertiveness and the aforementioned exercise helped the profit to augment to Rs.6.51M, as opposed to a loss of Rs.140.94M last year. Similarly, the net worth of your company increased from Rs.55.60M to Rs.182.03M

Apart from the above, the other heartening news for your company is that the committee constituted by new Chairman - SECP, Mr. Zafar-ul Haq Hijazi; submitted their report on 'stock market crisis' on June 05, 2015. The report elaborates that it was an unwise decision of the then Chairman, SECP to 'keep a floor for 109-days', which created the (liquidity) crisis. We wish to humbly submit that your company for the last seven long years has been crying for justice and for support on this very pretext. That the 'closure of stock market for 109-days which no Regulator in the world has ever done. This decision ensured that the liquidity crisis was destructive to the NBFC. Sector as banks called in their loans. Alhamdulillah, as of today your company has reduced its liabilities of nearly Rs.10.0bn to less than Rs.525M and we are hopeful that 'SECP' and 'GoP' will envisage a plan to compensate the victims of this crisis in one form or the other.

Here it is pertinent to mention that after the unprecedented stock market crisis of 2008 and other related events changed the dynamics of; NBFC, Modaraba and smaller commercial banks operating in the country. Today, if we compare the numbers and performance of these institutions with data of 2007-08, then one will witness a massive erosion and destruction of not only NBFCs & Modaraba sector, but also that of smaller commercial banks. However, your company meticulously managed its operations through; (i) internal cash generation (ii) recoveries and (iii) restructuring. It is expected that the reforms and facilitation of the new business model for the 'NBFC' Sector will recuperate the ailing sector. The company has not undertaken any new business, since its license is pending for approval and so far the regulator has not been able to provide a new road map to 'NBFC' sector. The market players keenly await decisions of government, so that the atmosphere of uncertainty fizzles-out and uncertainty is reduced. Thus giving opportunity, especially to small businesses / companies to rearrange their plans, as per new rules & regulations. Otherwise, i.e. in the absence of proper directions, we understand that the businesses will only be groping in the dark.

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, 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 bearing a few players (which are primarily supported by bigger financial institutions of industrial groups) is passing through difficult time. The law and order, security issues situation has hurt our recovery drive from lease / loan portfolio. Despite these socio-political challenges and national trend the company since 2008 is in the process of making recoveries from defaulted customers which is an uphill task. Nevertheless, the Company has so far without any external assistance has managed the business through its internal resources.

	2014	2015
	Rupees	Rupees
Lease and financing (loss) / income <i>net of provision and impairment</i>	64,777,101	(32,928,227)
Return on deposits and investments	5,731,586	14,963,879
Other gain / (loss)	28,731,582	8,738,031
<b>Total (Loss) / Income</b>	<b>99,240,269</b>	<b>(9,226,317)</b>
Administrative and Operating Expenses	(41,845,235)	66,022,591
Finance cost	(45,527,817)	49,475,853
<b>Total Expenditure</b>	<b>11,867,217</b>	<b>(115,498,444)</b>
Share of (loss) / profit of associates	(5,087,392)	(16,183,968)
<b>(Loss) before Taxation</b>	<b>6,779,825</b>	<b>(140,908,729)</b>
<b>Taxation</b>	<b>(271,132)</b>	<b>(36,326)</b>
<b>(Loss) / Profit after Tax</b>	<b>6,508,693</b>	<b>(140,945,055)</b>
<b>(Loss) / Earnings Per Share – Basic</b>	<b>0.09</b>	<b>(2.71)</b>
<b>(Loss) / Earnings Per Share – Diluted</b>	<b>0.09</b>	<b>(0.97)</b>





**FIRST DAWOOD INVESTMENT BANK LIMITED**

**Future Outlook**

The Company is facing severe liquidity crunch from the last five years and managing its affairs by internal cash generation through the recovery drive. The Company is fully conscious of its going concern as well as cognizant of director's fiduciary responsibility for revival of the company. The Sponsor are committed and have undertaken that MER will be under full compliance as per law and the same will be done either through; (i) induction of a foreign or a local partner (ii) merger or acquisition (iii) or any other arrangement, which will ensure compliance of capital.

In view of the recent crises report of the commission, your company awaits better direction from the regulator and government.

**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, 2015. 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.42.480 million. The reversal in provision of 'Long term finances' and lease finance facilities amounted to Rs.21.391 million and Rs.38.42 million respectively. This was mainly due to settlement / restructuring of outstanding liabilities.

The company has managed to reduce its administrative expenses by 37% i.e. from Rs. 66.02 million to Rs. 41.85 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.



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**Dividend**

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

**Taxes, duties, levies and charges**

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

**Provident Fund**

The Company and its employees contribute equally in a Registered Funded Provident Fund (the Fund) for its employees. The net assets of the Fund as per the unaudited financial statement for the year ended June 30, 2015 stood at Rs. 82.01 million.

**Meeting of the Board & its Committees**

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

**Board Meetings**

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

**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	Chairman	4	4	-

**Human Resources & Remuneration Committee Meetings**

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

**Directors**

The Applications for approval of directors elected in the Annual General Meeting of the Company held on October 24, 2013 are pending with the SECP. Further, the legality of the approval process has been challenged by the Company at the Islamabad High Court which issued directives to maintain status-quo. Therefore, till the approval of SECP is received, elected directors cannot assume charge of their office under Clause-2 of Schedule IX of the NBFC & NE Regulation 2008, hence; the previous directors shall continue to hold office. Mr. Aamir Amin- Nominee of NIT tenders his resignation from the Board on October 31, 2014

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



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**Directors Training Programme**

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

**Pattern of Share holding**

The pattern of shareholding and additional information regarding pattern of shareholding is annexed on page 60 of the Annual Report.

**Creditors & Preference Shareholders**

We would like to express our gratitude to our valued creditors, bankers for their continuous support, trust and patronage. The company has an outstanding amount of Rs. 432.57 million. Negotiations with some of these banks in process.

It is in view of a cordial business relationship and upon an understanding that FDIBL will settle with the said commercial banks. They have not resorted to a legal option against the Company.

The outstanding foreign financial institution loan's last instalment amounting Rs. 10.88 million has been paid and release of mortgaged property in process.

Financial assets have been offered to partly settle the liabilities, remaining will be paid through internally generated funds and equity if necessary.

As you are aware that The Company had issued 5 years convertible, Cumulative, Non-Voting, Non Participatory, Callable preference shares in June 2010 @ 4% p.a. dividend.

The aforementioned Preference Shares (PS) have been matured on June 09, 2015 and June 28, 2015, as per agreed & accepted Terms & Condition of PS.

**Auditor's Report**

The Auditors have given their opinion on the financial statements of the company for the year ended June 30, 2015, wherein they have qualified their report on (a) Deferred Tax Asset amounting Rs.198.89 million and (b) company has not reversed the accrued markup relating to one of banking companies amounting Rs. 74.992 million although the non existence of liability is affirmed by banking company and legal advisor. (c) Going Concern as accumulated losses to the tune of Rs.1,633 Million and current liabilities exceeding current assets by Rs.302.176 million (d) Called Guarantees to the tune of Rs.1,098 Million are under litigation (e) notes 1.10 and 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. (f) Non-transfer of asset classified as held for sale and carried at lower of carrying value or of recoverable amount. (g) the resumption and non-renewal of license of Dawood Capital Management Limited.

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

- a. With regards to qualification on Deferred Tax Last year 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. Unfortunately, the most basic underlining assumption that NBFC Reforms will be implemented has temporarily delayed the execution of the Company's Business plan in full. However it is expected that there will be no material change in the projections and the Company will be able to generate profits as per the Business Plan which would then be utilized to set-off the Deferred tax Asset.
- b. The confirmation of banking company received in August 2015, therefore the effect of reversal of accrued markup amounting Rs. 74.992 million will be incorporated in first quarter September 2015 financial statements.
- c. 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.
- d. With regards to emphasis paragraph on, on called guarantees to the tune of Rs.1,098 million under litigations cases are being defended by lawyers of the Company. Based on the views of its legal advisors, the Company is confident that all legal suits will be disposed off in due course on technical grounds and flaws in the guarantees.
- e. 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.



**FIRST DAWOOD INVESTMENT BANK LIMITED**

- f. 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.
- g. 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 DCM 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, 2015 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 not only to face these tough challenges.

**On behalf of the Board**

**Chairman**



FIRST DAWOOD INVESTMENT BANK LIMITED

## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2015.

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

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

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

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

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

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

2. The directors have confirmed that none of them is serving as a director in more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, or being member of a stock exchange, has been declared a defaulter by that stock exchange.
4. During the year, one casual vacancy occurred on the Board as the proposed elected director Mr. Aamir Amin- Nominee of NIT tendered his resignation on October 31, 2014. The said casual vacancy will be filled once the SECP approval is received for the new Board as stated in paragraph 1 above.
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.



FIRST DAWOOD INVESTMENT BANK LIMITED

8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The directors of the Company are experienced and seasoned corporate professionals and are well-versed with the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and articles of association and are aware of their duties and responsibilities. The Chairman and one of the directors in the Board are exempted from the Directors Training Program in accordance with the criteria specified in Clause (xi) of the Code, The remaining directors will acquire the required director's training certification once SECP approval for the new Board is received.
10. During the year Mr. Abdul Moez Peerwani appointed as Chief Financial Officer w.e.f. October 01, 2014 and subsequently resigned on January 31, 2015. Then Mr. Syed Musharaf Ali appointed as Chief Financial Officer w.e.f. February 01, 2015 and Mr. Naveed Ahmed appointed as Company Secretary w.e.f. October 01, 2014.
11. The Directors' Report of the Company for the year ended June 30, 2015 has been prepared in compliance with the requirements of the Code and fully describes the salient matters as required to be disclosed.
12. The financial statements of the Company were duly endorsed by director and CFO of the Company before approval of the Board.
13. The Directors and Executives of the Company do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholdings.
14. The Company has complied with all the corporate and financial reporting requirements of the Code.
15. The Board has formed an Audit Committee comprises of three members all of whom are non-executive directors including the Chairman of the Committee. During the year a member has resigned (please refer point no 4).
16. The meetings of the Audit Committee were held at least once every quarter prior to the approval of the interim results of the Company and as required by the Code. The terms of reference of the Committee have been approved by the Board and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises of three members all of whom are non-executive directors including the Chairman of the Committee.
18. The Board has outsourced the internal audit function to a firm of Chartered Accountants (the Firm) who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company. Presently, there is no Head of Internal Audit to act as coordinator between the Firm and the Board.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by the Institute of Chartered Accountants of Pakistan.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchanges.



FIRST DAWOOD INVESTMENT BANK LIMITED

22. Material / price sensitive information has been disseminated among all market participants at once through stock exchanges.
23. We confirm that all other material principles enshrined in the Code have been complied except for the following towards which reasonable progress is being made by the Company to seek compliance by the end of next accounting year:
  - a. There is no Head of Internal Audit to act as coordinator between the firm and the Board as stated in Paragraph 18 above;

*Executive Director*

**Karachi**



FIRST DAWOOD INVESTMENT BANK LIMITED

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of First Dawood Investment Bank Limited for the year ended June 30, 2015 to comply with the Listing Regulation No. 35 of the Karachi and Islamabad Stock Exchanges where the Company is listed.

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

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

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

Based on our review, except for paragraph 10 which also affects paragraph 14 of statement of compliance nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance in all material respects, with the best practices contained in the Code as applicable to the Company for the year ended June 30, 2015.

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

<b>S. No.</b>	<b>Paragraph Reference</b>	<b>Description</b>
i.	4	Casual vacancy occurred on the Board could not be filled due to reasons mentioned in the said paragraph.
ii.	9	Except for those exempted, other directors have not attended any training program of Corporate Governance.
iii.	18	There is no Head of Internal Audit to act as coordinator between the Firm and the Board.

The Code of the Company for the year ended June 30, 2014 was reviewed by another firm of Chartered Accountants who vide their review report dated September 30, 2014 had given emphasis of matter paragraph on the matter that casual vacancy occurred on the Board could not be filled due to pending of approval of director from SECP, Head of Internal Audit was not appointed to act as coordinator between the firm and the Board and the Company was in process of developing mechanism for annual performance evaluation of Board.

**Haroon Zakaria & Company**  
**Chartered Accountants**

**Place: Karachi**  
**Dated: 29 September, 2015**

**Engagement Partner:**  
**Muhammad Haroon**



# HAROON ZAKARIA & COMPANY

## CHARTERED ACCOUNTANTS

### AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of First Dawood Investment Bank Limited (the Company) as at June 30, 2015 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 paragraph (a) below, we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purpose of our audit.

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

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

- a) As at June 30, 2015, the Company has recognized deferred tax asset of Rs.198.89 million in respect of unabsorbed tax depreciation on leases, carry forward of unused tax losses and deductible temporary differences. As stated in note 12 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;
- b) The company has not reversed the accrued markup relating to one of banking companies amounting to Rs.74.992 million although the non existence of liability is affirmed by banking company and legal advisor. Had the management reversed the markup, accrued markup would have been reduced by Rs.74.992 million and accordingly profit before taxation, profit after taxation and shareholders' equity would have been increased by 74.992 million, 64.079 million and 64.079 million respectively.
- c) in our opinion, except for the possible effects of the matters described in above (a) and (b) paragraphs, proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- d) in our opinion:
  - i. except for the possible effects of the matters described in the above (a) and (b) paragraphs, the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied;
  - ii. the expenditure incurred during the year was for the purpose of the Company's business; and
  - iii. the investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- e) in our opinion and to the best of our information and according to the explanations given to us, except for the effects of the matters described in paragraphs (a) and (b) 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 confirm with



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## **HAROON ZAKARIA & COMPANY**

### **CHARTERED ACCOUNTANTS**

approved accounting standards as applicable in Pakistan and give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its comprehensive income, cash flows, and changes in equity for the year then ended; and

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

We draw attention to the following matters:

- i. as stated in note 1.3 to the financial statements which describes that the Company is facing financial problems, its accumulated losses as at June 30, 2015 are in the tune of Rs 1,633.622 million, and as of that date, the Company's current liabilities exceed its current assets by Rs. 302.176 million, its licenses to carry out business are not renewed and is not being able to meet minimum equity requirements. These conditions along with other matters as stated in note 1.3 and unfunded exposures as described in note 31.1.1 given rise to uncertainties which may cast significant doubt about the Company's ability to continue as a going concern and also discusses the reasons for preparing the financial statement on going concern in note 1.4.
- ii. as stated in note 31.1.1 to the financial statements, guarantees issued by the Company amounting to Rs.1,098 million have been called by the beneficiaries which are under litigations along with other cases as mentioned in note 31. The ultimate outcome in these cases cannot presently be ascertained; and
- iii. as stated in notes 1.10 and 10.5 to the financial statements, 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 appellate bench of SECP.
- iv. as stated in note 16.1 to the financial statements explaining the reason for non- transfer of asset classified as held-for-sale and carried at lower of carrying value or of recoverable amount.
- v. as stated in note 10.3 to the financial statements explaining the resumption and non renewal of license of Dawood Capital management Limited.

Our opinion is not qualified in respect of these matters.

The financial statements of the Company for the year ended June 30, 2014 have been audited by another firm of Chartered Accountants whose report dated September 30, 2014 expressed a modified opinion with regard to realizability of deferred tax asset and non-impairment of one of associates investment and had given emphasis of matter paragraphs on the use of going concern assumption and guarantees under litigations.

Haroon Zakaria & Company  
Chartered Accountants

Place: Karachi  
Dated:

Engagement Partner:  
Muhammad Haroon



FIRST DAWOOD INVESTMENT BANK LIMITED

**BALANCE SHEET  
AS AT JUNE 30, 2015**

	2015	2014
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b><u>ASSETS</u></b>		
<b>Non-Current Assets</b>		
Property and equipment	6 2,289,456	5,524,976
Intangibles assets	7 1,183,678	-
Investment properties	8 89,848,960	71,525,000
Net investment in finance lease	9 185,434	440,602
Long term investments	10 187,477,585	188,083,010
Long term finances	11 -	331,867
Long term deposits	4,343,822	3,704,000
Deferred tax asset - net	12 198,893,526	198,893,526
	<b>484,222,461</b>	<b>468,502,981</b>
<b>Current Assets</b>		
Overdue portion of non-current assets	13 255,792,044	261,604,026
Short term investments	14 57,180,774	57,799,032
Placements and finances	15 60,443,348	68,255,109
Assets classified as held for sale	16 28,603,000	95,108,166
Advance against lease commitments	17 -	-
Loans and advances	18 8,703,768	7,142,650
Income tax refund	718,236	718,236
Deposits and prepayments	19 20,977,928	17,569,896
Mark-up accrued	20 55,811	212,033
Other receivables	21 -	-
Cash and bank balances	22 49,162,028	25,979,252
	<b>481,636,937</b>	<b>534,388,400</b>
	<b>965,859,398</b>	<b>1,002,891,381</b>
<b><u>EQUITY AND LIABILITIES</u></b>		
<b>Share Capital Reserves</b>		
Ordinary shares	23.2 1,483,900,230	626,492,900
Preference shares	23.3 -	715,833,540
	<b>1,483,900,230</b>	<b>1,342,326,440</b>
<b>Capital reserves</b>		
Accumulated loss	335,046,528	333,744,789
	<b>(1,633,621,650)</b>	<b>(1,613,488,445)</b>
	<b>185,325,108</b>	<b>62,582,784</b>
Share of unrealised gain on remeasurement of investments in associates	4,835,378	650,190
Unrealised loss on remeasurement of available-for-sale investments	<b>(8,133,037)</b>	<b>(7,632,669)</b>
	<b>182,027,449</b>	<b>55,600,305</b>
<b>Non-Current Liabilities</b>		
Long term loans	24 -	-
Long term deposits	25 18,905	18,905
	<b>18,905</b>	<b>18,905</b>
<b>Current Liabilities</b>		
Overdue portion of long term liabilities	26 515,006,962	538,510,565
Mark-up accrued	27 153,297,443	108,233,414
Short-term borrowings	28 81,418,220	81,418,223
Certificates of investment	29 -	88,500,000
Accrued and other liabilities	30 33,017,267	129,807,951
Taxation	1,073,152	802,018
	<b>783,813,044</b>	<b>947,272,171</b>
<b>Contingencies and Commitments</b>		
	31	
	<b>965,859,398</b>	<b>1,002,891,381</b>

The annexed notes from 1 to 49 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, 2015

	<i>2015</i>	<i>2014</i>
<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>Income</b>		
Lease income	9,586,215	1,944,311
Income from long term finances	16,769,936	1,785,031
Return on investments and deposits	32 3,470,656	6,455,805
Gain on sale of securities - net	5,666,850	6,503,445
Other income	33 10,407,622	11,136,459
	<u>45,901,279</u>	<u>27,825,051</u>
<b>Expenses</b>		
Administrative expenses	34 (41,845,235)	(66,022,591)
Finance cost - Net	35 (45,527,817)	(49,475,853)
	<u>(87,373,052)</u>	<u>(115,498,444)</u>
<b>Operating loss before provisions and changes in fair value</b>	<u>(41,471,774)</u>	<u>(87,673,393)</u>
<b>Provisions / changes in fair value</b>		
Reversal / (provision) of provision for potential lease and other loan losses - net	36 38,420,950	(36,657,568)
Impairment on available-for-sale securities	37 (4,500,812)	(186,276)
Unrealized gain on remeasurment of investments - held for trading	1,094,892	2,190,905
Loss on settlement of liabilities	-	(3,068,428)
Surplus on revaluation of investment properties	18,323,960	670,000
	<u>53,338,990</u>	<u>(37,051,367)</u>
	<u>11,867,217</u>	<u>(124,724,760)</u>
<b>Share of loss from associates</b>	38 (5,087,392)	(16,183,968)
<b>Profit / (loss) before taxation</b>	<u>6,779,825</u>	<u>(140,908,728)</u>
Taxation	39 (271,132)	(36,326)
<b>Profit / (loss) after taxation</b>	<u>6,508,693</u>	<u>(140,945,054)</u>
<b>Earning / (loss) per share - basic</b>	40 0.09	(2.65)
<b>Earning / (loss) per share - diluted</b>	40 0.09	(0.97)

The annexed notes from 1 to 49 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, 2015

	2015 <i>Rupees</i>	2014 <i>Rupees</i>
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit / (loss) before taxation	6,779,825	(140,908,728)
<b>Adjustments:</b>		
Depreciation	1,799,354	2,411,629
Gain on sale of securities - net	(5,666,850)	(6,503,445)
Transfer of membership	(1,500,000)	-
Amortization	316,322	-
Share of loss / (profit) from associates	5,087,392	16,183,968
Finance cost	45,527,817	49,475,853
Loss / (gain) on sale of property and equipment	(1,790,049)	23,001
Provision / (reversal of provision) for lease and other loan losses - net	(38,420,950)	36,657,568
Impairment on available-for-sale securities	4,500,812	186,276
Unrealized (gain) / loss on remeasurement of investments - held for trading	(1,094,892)	(2,190,905)
Surplus on revaluation of investment properties	(18,323,960)	(670,000)
Exchange gain	(294,130)	(768,789)
Other income	-	(7,157,033)
	(9,859,134)	87,648,123
	(3,079,309)	(53,260,605)
<b>Changes in operating assets and liabilities (Increase) / decrease in operating assets</b>		
Net investment in finance lease	24,591,846	51,229,601
Long term finances and deposits	23,921,358	14,150,300
Loans to employees	-	199,455
Placements and finances	23,122,988	(15,545,927)
Assets classified as held for sale	66,505,166	(3,500,000)
Advance against lease commitments	-	-
Loans and advances	(645,539)	2,229,817
Deposits and prepayments	(3,408,032)	(17,067,562)
Mark-up accrued	156,222	3,668,837
Other receivables	1,445,000	2,563,402
	135,689,009	37,927,923
	132,609,700	(15,332,682)
<b>Increase / (decrease) in operating liabilities</b>		
Certificates of investment	(88,500,000)	-
Long term deposits	(12,623,496)	(26,485,074)
Deferred income	-	(1,376,765)
Accrued and other liabilities	19,442,949	18,918,333
	50,929,153	(24,276,188)
Finance cost paid	(463,788)	(1,022,152)
Taxes paid	(915,598)	(1,017,032)
<b>Net cash generated from/( used in) operating activities</b>	49,549,766	(26,315,372)



FIRST DAWOOD INVESTMENT BANK LIMITED

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	(174,000)	(3,365,070)
Proceeds from sale of property and equipment	3,400,215	201,232
Long and Short term investments made - net	2,082,061	6,129,271
<b>Net cash generated from investing activities</b>	<u>5,308,276</u>	<u>2,965,433</u>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Repayment of long-term loans	(31,969,396)	(17,673,877)
<b>Net cash used in financing activities</b>	<u>(31,969,396)</u>	<u>(17,673,877)</u>
<b>Net increase / (decrease) in cash and cash equivalents</b>	22,888,647	(41,023,816)
<b>Foreign currency translation</b>	294,130	-
<b>Cash and cash equivalents at beginning of the year</b>	25,979,252	67,003,068
<b>Cash and cash equivalents at end of the year</b>	<u>49,162,029</u>	<u>25,979,252</u>

The annexed notes from 1 to 49 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, 2015

	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
Net profit / (loss) after taxation	6,508,693	(140,945,054)
<b>Other comprehensive income</b>		
<b>Items that may be reclassified subsequently to profit or loss</b>		
Share of associates on reversal of unrealised (loss) / gain on remeasurement of investments	4,185,188	7,506,071
Unrealised gain on remeasurement of available-for-sale investments	(500,368)	(9,482,247)
	3,684,820	(1,976,176)
<b>Total comprehensive income / (loss) for the year</b>	<b>10,193,513</b>	<b>(142,921,230)</b>

The annexed notes from 1 to 49 form an integral part of these financial statements.

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

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director



FIRST DAWOOD INVESTMENT BANK LIMITED

**STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2015**

	SHARE CAPITAL		CAPITAL RESERVES			REVENUE RESERVES			Total
	Ordinary shares	Preference shares	Statutory reserve	Premium on issue of right shares	Capital reserve on acquisition	Share of unrealised (loss) / gain on remeasurement of associates' investments	Unrealised gain / (loss) on remeasurement of available-for-sale investments	Accumulated loss	
	Rupees								
Balance at July 1, 2013	626,492,900	715,833,540	277,721,395	53,426,910	2,596,484	(6,855,881)	1,849,578	(1,443,910,048)	227,154,878
<b>Total comprehensive income for the year</b>									
- Loss for the year	-	-	-	-	-	-	-	(140,945,055)	(140,945,055)
<b>- Other comprehensive income</b>									
Share of unrealised gain on remeasurement of associates' investments	-	-	-	-	-	7,506,071	-	-	7,506,071
Unrealised gain on remeasurement of available-for-sale investments	-	-	-	-	-	-	(9,482,247)	-	(9,482,247)
Dividend on preference shares @ 4% for the year	-	-	-	-	-	-	-	(28,633,342)	(28,633,342)
<b>Balance at June 30, 2014</b>	<b>626,492,900</b>	<b>715,833,540</b>	<b>277,721,395</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>650,190</b>	<b>(7,632,669)</b>	<b>(1,613,488,445)</b>	<b>55,600,305</b>
<b>Conversion of preference shares into ordinary shares</b>	<b>857,407,330</b>	<b>(715,833,540)</b>	-	-	-	-	-	-	<b>141,573,790</b>
<b>Total comprehensive income for the year</b>									
- Profit for the year	-	-	-	-	-	-	-	6,508,693	6,508,693
Share of unrealised gain on remeasurement of associates' investments	-	-	-	-	-	4,185,188	-	-	4,185,188
Unrealised gain on remeasurement of available-for-sale investments	-	-	-	-	-	-	(500,368)	-	(500,368)
Transfer to statutory reserve	-	-	1,301,739	-	-	-	-	(1,301,739)	
Dividend on preference shares @ 4% for the year	-	-	-	-	-	-	-	(25,340,159)	(25,340,159)
<b>Balance at June 30, 2015</b>	<b>1,483,900,230</b>	<b>-</b>	<b>279,023,134</b>	<b>53,426,910</b>	<b>2,596,484</b>	<b>4,835,378</b>	<b>(8,133,037)</b>	<b>(1,633,621,650)</b>	<b>182,027,449</b>

The annexed notes from 1 to 49 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, 2015

### 1. STATUS AND NATURE OF BUSINESS

- 1.1 First Dawood Investment Bank Limited ("the Company") was incorporated on June 22, 1994 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is listed on the Karachi and Islamabad Stock Exchanges. The registered office of the Company is situated in Karachi, Pakistan. The Company had obtained the licenses for Leasing Business and Investment and Finance Services under Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 ("the Rules") and Non Banking Finance Companies and Notified Entities Regulations, 2008 ("the Regulation") from the Securities and Exchange Commission of Pakistan (SECP) which has been expired and awaiting renewal.
- 1.2 The Company had applied for registration as a Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulations, 2012 which was denied by SECP vide its order dated November 22, 2013 against which an appeal has been filed before appellate bench of SECP on December 17, 2013. The appeal is pending. The Company is acting as trustees to Term Finance Certificates / Sukuk issued by Saudi Pak Leasing Company Limited, New Allied Electronics Industries (Private) Limited, Security Leasing Company Limited, Dewan Cement Limited, House Building Finance Company Limited (sukuk issue), Bunny's Limited, Pak Hy-Oils Limited, and Flying Board and Paper Products Limited. The value of assets under trustee as at June 30, 2015 amounted to Rs. 12.330 billion (2014: Rs. 16.89 billion).
- 1.3 The Company earned a net profit of Rs 6.509million during the year ended June 30, 2015, its accumulated losses reached to Rs1,633.622 million as at June 30, 2015 and its current liabilities exceed current assets by Rs 302.176 million. The Company started facing financial difficulties from financial year 2008-09 as a result of unwarranted liquidity crunch in the financial sector mainly due to closure of KSE for all practical purpose for 109 days and erosion of values in the stock market by approximately 60% which resulted in withdrawal of money market lines of NBFC sector. The clean money market lines of the Company of over Rs. 5 billion from the banking sector were abruptly withdrawn and hence Company was unable to meet its commitments on time due to liquidity crunch. Since, the Company was unable to repay as per schedule of payment, certain banks and financial institutions filed cases and / or served legal notices against the Company. These unprecedented conditions resulted in down grading of credit rating and non compliance of requirements of NBFC Regulations regarding minimum capital. Further, leasing license has not been renewed and the Company since then has not been able to raise funds under certificates of investment or through banks. Presently, the equity of the Company is Rs.182.027 million which is below the Minimum Equity Requirement (MER) of Rs 1,700 million as prescribed by the SECP. The Company awaits approval of draft rules for the NBFC and MER Compliance would be done accordingly.

Above factors gives rise to uncertainty and may cast doubt on the Company's ability to continue as a going concern and company may not realize its asset and pay off liabilities, however the management of the Company is confident that due to steps / measures / mitigation plan explained in the following paragraphs, the going concern assumption is appropriate and as such, these financial statements have been prepared on a going concern basis.

### 1.4 Mitigation plan

- a. The Company has successfully able to meet over 95% of its financial obligations through recoveries and settlements and has been able to settle Rs.10 billion (approximately) worth of its liabilities and other commitments through its assets in last 5 to 6 years. It further plans to continue with the settlement of its remaining outstanding liabilities i.e. around Rs. 600 million.
- b. The Company has been able to restructure a major portion of its liabilities at zero percent mark up and now settlement of the same against its assets is underway.
- 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, 2015, the Company made recoveries amounting Rs. 47.930 million which is below the expected recovery amount of Rs. 91.95 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 130 million in the next three financial years.
- g. During the year, the company has made Conversion of Preference shares into ordinary shares in the following manner so as to reduce preferential payments.



FIRST DAWOOD INVESTMENT BANK LIMITED

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

**1.5 Expected NBF sector reforms / regime**

The requirement of minimum equity will be addressed through reversal of provisions by recovering outstanding advances and injection of equity by issuing right shares. Further, draft NBF sector reforms / regime has been issued by the 'SECP' in which the minimum capital requirements has been reduced to Rs 150 million ( for investment financial services and leasing licences) subject to certain conditions. Upon approval of the said reforms / regime, the sector and the Company would have a clearer road-map. Management is confident that as soon as the draft rules are formally approved, equity would be arranged through (i) induction of foreign or local partner and/or (ii) evaluation of option of merger or acquisition, and/or (iii) any other arrangement which will ensure compliance of minimum equity requirement.

**1.6 Future prospects**

During current year recovery of Rs.47.631 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 along 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 take advantage of deferred tax by writing new lease facilities.

**1.7 Cases under litigation**

*Funded exposure*

As at June 30, 2015, only three cases are pending in the court of law. In two cases, financial institutions have obtained decrees aggregated to Rs. 81.4 million against which the Company has filed appeals in the Honourable Supreme Court of Pakistan which are pending adjudication. In one of the aforementioned case, a counterclaim of Rs 22.3 million has also been made by the Company in the Banking Court at Karachi. Whilst in the third case an investor has filed for execution of an out of court settlement agreement. The Honourable High Court passed an order for compliance of settlement agreement However compliance of that order has been completed now the execution is pending for final order.

*Unfunded exposure*

Total amount of letters of comfort / guarantees as at June 30, 2015 amounting to Rs. 1,098 million are under litigations. The legal counsel of the Company is confident that no funded claim will arise out of these guarantees due to non-completion of formalities prior to its issuance and some basic flaws in guarantee documentation and not meeting terms of the guarantees by the beneficiaries.

**1.8 Credit rating**

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

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



**FIRST DAWOOD INVESTMENT BANK LIMITED**

- 1.10** The equity of company is increased upto Rs.182.027 million from Rs.55.600 million but 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 30% of the equity of an NBFC (as disclosed in the latest financial statements) provided that maximum outstanding fund based exposure does not exceed 20% of equity of an NBFC". The company could not meet requirement in five cases. Further all contingent liabilities excluding one guarantee exceeds 30% of the equity of the Company.

**2 BASIS OF PREPARATION**

**2.1 Statement of compliance**

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

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

**2.2 Basis of measurement**

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

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

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

<b>Standards or interpretation</b>	<b>(Effective for annual periods beginning on or after)</b>
IFRS 10 Consolidated Financial Statements	January 01, 2016
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements - Investment Entities (Amendment)	January 01, 2015
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements - Investment Entities - applying the consolidation exception (Amendment)	January 01, 2016
IFRS 10 Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets Between an investor and its associates or Joint venture (Amendment)	January 01, 2016
IFRS 11 Joint Arrangements	January 01, 2015
IFRS 11 Joint Arrangements - Accounting for acquisition of interest in Joint operation (Amendment)	January 01, 2016
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets - Clarification of Acceptable Method of Depreciation and Amortization (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 41 Agriculture : Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements-Equity Method in Separate Financial Statements	January 01, 2016



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<b>Standards or interpretation</b>	<b>(Effective for annual periods beginning on or after)</b>
IFRS 10 Consolidated Financial Statements	January 01, 2016
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IAS 16 Property, Plant and Equipment and IAS 41 Agriculture : Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements-Equity Method in Separate Financial Statements	January 01, 2016

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

Certain annual improvements have also been made to a number of IFRSs.

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

IFRS 9 Financial Instruments- Classification and Measurement	January 01, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 01, 2018

#### **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.



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**4.2 Intangibles assets**

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

***Golf Club Membership Card***

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

**4.3 Investment property**

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

**4.4 Net investment in lease finance**

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

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

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

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

**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.



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**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.

**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.



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**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 which ever 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.

***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



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adjustment even though the investment has not been derecognized. In case of reversal of impairment loss already recognized in profit and loss account for an investment in an equity instrument classified as available for sale, the unrealized gain is recorded in statement of changes in equity. When impairment loss recognized in the profit and loss account for an investment in debt instrument is reversed, the amount of reversal is recognized in the profit and loss account.

### 4.14 Revenue recognition

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

### 4.15 Foreign currency transactions and translation

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

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





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**4.20 Cash and cash equivalents**

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

**4.21 Earnings per share**

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

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

**4.22 Segment reporting**

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

**4.23 Dividend distributions and appropriations**

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

**5 CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

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

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

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

	Note	2015 Rupees	2014 Rupees
<b>6 PROPERTY AND EQUIPMENT</b>			
Operating fixed assets	6.1	<u>2,289,456</u>	<u>5,524,976</u>

**6.1 Operating fixed assets**

2015	COST			ACCUMULATED DEPRECIATION			Carrying value at June 30, 2015	Rate of depreciation %
	At July 01, 2014	Additions / (deletions)	At June 30, 2015	At July 01, 2014	For the year / (on deletions)	At June 30, 2015		
----- Rupees -----								
<b>Owned</b>								
Furniture and fixtures	171,235	-	171,235	59,840	17,123	76,963	94,272	10
Office equipment	3,517,189	-	3,517,189	2,904,730	408,501	3,313,231	203,958	20
Computer equipment	4,796,099	33,000	4,829,099	4,785,962	21,318	4,807,280	21,819	33.33
Vehicles	13,626,790	141,000	8,973,650	8,835,806	1,352,412	7,004,243	1,969,407	20
		(4,794,140)			(3,183,975)			
<b>2015</b>	<b>22,111,313</b>	<b>174,000</b>	<b>17,491,173</b>	<b>16,586,338</b>	<b>1,799,354</b>	<b>15,201,717</b>	<b>2,289,456</b>	
		(4,794,140)			(3,183,975)			



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2014	COST		ACCUMULATED DEPRECIATION			Carrying value at June 30, 2014	Rate of depreciation %	
	At July 01, 2013	Additions / (deletions)	At June 30, 2014	At July 01, 2013	For the year / (on deletions)			At June 30, 2014
----- Rupees -----								
<b>Owned</b>								
Furniture and fixtures	171,235	-	171,235	42,716	17,124	59,840	111,395	10
Equipment and appliances	8,416,363	-	8,313,288	7,279,861	435,778	7,690,692	622,596	20 - 33.33
		(103,075)			(24,947)			
Vehicles	10,545,920	3,365,070	13,626,790	7,015,173	1,958,727	8,835,805	4,790,985	20
		(284,200)			(138,095)			
	19,133,518	3,365,070	22,111,313	14,337,750	2,411,629	16,586,337	5,524,976	
		(387,275)			(163,042)			

6.1.1 Disposal of operating fixed assets

Particulars	Cost	Accumulated depreciation	Carrying value	Sale proceeds	Gain on disposal	Mode of Disposal	Particulars of buyer
----- Rupees -----							
Vehicle							
Corolla -XLI AVG-297	1,399,000	955,983	443,017	1,145,000	701,983	Quotation	Carnation
Cultus - VXR BAP-176	1,055,640	316,692	738,948	815,000	76,052	Negotiation	Asif Ahmed Khan
Suzuki Mehran ATD-728	475,000	475,000	-	300,000	300,000	Negotiation	Naveed Ahmed
Bike KEL-7354	41,000	41,000	-	10,250	10,250	Benefit to employee	Employee
Bike KEL-1805	41,000	41,000	-	10,250	10,250	Benefit to employee	Sayed Tauseed Asif
Bike KFQ-4056	41,500	20,750	20,750	20,750	-	Benefit to employee	Iqbal Bukhari
Bike KEL-1591	41,000	41,000	-	10,250	10,250	Benefit to employee	M. Shahid
Bike KEL-9086	41,000	41,000	-	-	-	Benefit to employee	Wajahat
Suzuki Mehran AMY-732	180,000	93,000	87,000	125,000	38,000	Benefit to employee	Muhammad Hussain
Corolla -GLI AUM-815	1,479,000	1,158,550	320,450	963,715	643,265	Benefit to employee	Nabeel Asif
<b>2015</b>	<b>4,794,140</b>	<b>3,183,975</b>	<b>1,610,165</b>	<b>3,400,215</b>			
<b>2014</b>	<b>387,275</b>	<b>163,042</b>	<b>224,233</b>	<b>201,232</b>			

6.1.2 Cost of fully depreciated assets still in use is Rs. 10.372 million (2014 : Rs.8.87 million).

	Note	2015 Rupees	2014 Rupees
<b>7 INTANGIBLES ASSETS</b>			
Golf Club Membership Card	7.1	<b>1,183,678</b>	-
<b>7.1 Golf Club Membership Card</b>			
Opening net book value			
Addition		<b>1,500,000</b>	-
Amortization charge	7.2	<b>(316,322)</b>	-
<b>Closing net book value</b>		<b>1,183,678</b>	-
<b>As at June 30, 2015</b>			
Cost		<b>1,500,000</b>	-
Accumulated amortization		<b>(316,322)</b>	-
		<b>1,183,678</b>	-
Rate of amortization (%)		<b>6.67%</b>	

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



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8 INVESTMENT PROPERTIES	2015 Rupees	2014 Rupees
Balance at beginning of the year	71,525,000	70,855,000
Gain on fair value adjustment	18,323,960	670,000
<b>Balance at end of the year</b>	<b>89,848,960</b>	<b>71,525,000</b>

8.1 Fair value of the investment properties as at June 30, 2015 has been determined by the professional valuator which is registered on the panel of Pakistan Banks' Association (PBA) and NBFBI & Modaraba Association of Pakistan. The main criteria of valuation for the assessment of investment properties include:

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

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

9 NET INVESTMENT IN FINANCE LEASE	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
Net investment in finance lease	9.1	559,291,915	583,883,761
Provision for potential lease losses	9.2	(410,238,033)	(452,992,042)
		<b>149,053,882</b>	130,891,719
Current portion shown under current assets	9.3	(148,868,448)	(130,451,117)
		<b>185,434</b>	440,602
	<i>Note</i>	<i>Less than one year</i>	<i>More than one year and less than five years</i>
		----- <i>- Rupees -</i> -----	

9.1 Particulars of net investment in finance lease

2015

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

2014

Minimum lease payments receivables	9.1.1	610,082,217	76,381,667	686,463,884
Residual value of leased assets		105,880,102	15,987,875	121,867,977
		715,962,319	92,369,542	808,331,861
Unearned finance income		(130,160)	-	(130,160)
Mark-up held in suspense		(131,948,398)	-	(131,948,398)
<b>Net investment in lease finance</b>		<b>583,883,761</b>	<b>92,369,542</b>	<b>676,253,303</b>



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- 9.1.1 As at June 30, 2015, the principal outstanding against non-performing lease portfolio as per the criteria prescribed in NBFC Regulations, 2008 amounted to Rs. 452.772 million (2014 : Rs. 487.03 million). The forced sale value benefit considered against these non-performing lease portfolio was Rs 45.823 million (2014: Rs 34.03 million).
- 9.1.2 The lease finances carry mark up ranging from six month KIBOR plus spread of 2% to 5% (2014: six month KIBOR plus spread of 2% to 5%) per annum having maturity upto 5 years and are secured against leased assets.

	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>9.2 Provision for potential lease losses</b>			
Balance at beginning of the year		<b>452,992,042</b>	465,266,835
(Reversal) / charge for the year - net	36	<b>(42,754,009)</b>	28,809,953
Written off during the year		-	(41,084,746)
<b>Balance at end of the year</b>		<b>410,238,033</b>	<b>452,992,042</b>
<b>9.3 Current portion of finance lease - net of provision</b>			
Finance lease	8.1	<b>559,106,481</b>	583,443,159
Provision for potential lease losses	8.2	<b>(410,238,033)</b>	(452,992,042)
	13	<b>148,868,448</b>	130,451,117
<b>10 LONG TERM INVESTMENTS</b>			
<b>Investments in:</b>			
- Associates - equity method	10.1 - 10.5	<b>179,658,222</b>	180,560,426
- US dollar bond - available-for-sale	10.6	<b>7,819,363</b>	7,522,584
		<b>187,477,585</b>	188,083,010
<b>10.1 Movement of investment in associates</b>			
Balance at beginning of the year		<b>180,560,426</b>	189,238,323
Share of loss	36	<b>(5,087,392)</b>	(16,183,968)
Share of reversal of deficit on revaluation of available-for-sale investments recognised in other comprehensive income		<b>4,185,188</b>	7,506,071
<b>Balance at end of the year</b>		<b>179,658,222</b>	180,560,426

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 -----				
<b>2015</b>								
Dawood Capital Management Limited Chief Executive: Tara Uzra Dawood	15.00	June 30, 2015	Unaudited	129,446,771	1,528,378	127,918,394	339,034	(12,413,676)
B.R.R. Investments (Private) Limited Chief Executive: Ayaz Dawood	41.63	June 30, 2015	Unaudited	120,935,642	6,876,000	114,059,642	18,126,268	4,377,858
Dawood Family Takaful Limited Chief Executive: Mr. Nasir Mehmood	26.57	March 31, 2015	Unaudited	1,809,300,580	1,384,026,031	425,274,549	1,269,430,108	(21,640,032)



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	<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 -----				
<b>2014</b>								
Dawood Capital Management Limited Chief Executive: Tara Uzra Dawood	15.00	June 30, 2014	Unaudited	154,079,161	3,854,734	150,224,427	19,715,844	1,171,827
B.R.R. Investments (Private) Limited Chief Executive: Ayaz Dawood	41.63	June 30, 2014	Audited	103,195,273	7,376,761	95,818,512	21,754,293	2,628,154
Dawood Family Takaful Limited Chief Executive: Rizwan Ahmed Farid	26.57	March 31, 2014	Unaudited	1,503,638,857	1,058,979,566	444,659,291	176,288,229	(26,945,857)

**10.2 Carrying value of investment in associates**

<i>2015</i>	<i>2014</i>		<i>2015</i>	<i>2014</i>
<i>Number of Shares</i>		<i>Name of associate</i>	<i>Rupees</i>	<i>Rupees</i>
<b>2,246,070</b>	2,246,070	Dawood Capital Management Limited	<b>19,187,752</b>	22,533,668
<b>4,762,100</b>	4,762,100	B.R.R. Investments (Private) Limited	<b>47,483,471</b>	39,889,618
<b>19,926,010</b>	19,926,010	Dawood Family Takaful Limited	<b>112,986,999</b>	118,137,140
			<b>179,658,222</b>	180,560,426

**10.3** The license of the one of the associate company i.e. Dawood Capital Management Limited for carrying out assets management company has been resumed in January 2015 by SECP but licence has not been renewed.

**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 20% of the paid-up share capital of that company or 20% of its own equity, whichever is less and has an outstanding fund based exposure in excess of 35% of the equity respectively. As at June 30, 2015, 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. The Company awaiting approval from SECP to reduce BRRI shares letter dated January 03, 2013 has been sent and reminder also has been sent but no approval has been received yet in order to remove violation of Regulation 19(g) of NBFCs and Notified Entities Regulation 2008.

**10.6** This represents investment in a US dollar bond having face value of USD 75,000. It is perpetual preference security which entitles holders to receive preferential cash distributions on quarterly basis at the rate of 6.85% (June 30, 2014: 6.85%) per annum. These securities are listed at Luxembourg Stock Exchange.

	<i>Note</i>	<i>2015</i>	<i>2014</i>
		<i>Rupees</i>	<i>Rupees</i>
<b>11 LONG TERM FINANCES</b>			
Term finance facilities - secured	11.1 - 11.3	<b>276,405,691</b>	279,877,585
Provision for doubtful finances	11.4	<b>(169,482,095)</b>	(148,392,809)
		<b>106,923,596</b>	131,484,776
Current portion shown under current assets	13	<b>(106,923,596)</b>	(131,152,909)
		<b>-</b>	331,867
<b>11.1</b> The reconciliation of long term finance is as under:			
Balance at beginning of the year		<b>279,877,585</b>	296,877,293
Received during the year		<b>(3,471,894)</b>	(14,150,300)
Written off during the year		<b>-</b>	(2,849,408)
Balance at end of the year		<b>276,405,691</b>	279,877,585

**11.2** The mark-up / profit rates on these facilities ranges from 13.5% to 15.1% (2014: 13.5% to 15.1%) per annum subject to change in SBP discount rate and KIBOR. These are secured against mortgage of immovable properties.



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11.3 As at June 30, 2015, long term finance of Rs.224.008 million (2014 : Rs. 279.21 million) have been placed under non-performing status. The forced sales value benefits considered against these non-performing finances amounted to Rs. 54.61 million (2014 : Rs. 130.81 million).

	Note	Rupees	Rupees
<b>11.4 Particulars of provision for doubtful receivables</b>			
Balance at beginning of the year		<b>148,392,809</b>	163,592,854
Provision during the year		<b>42,480,922</b>	-
Reversals for the year - net	35	<b>(21,391,636)</b>	(12,350,637)
Written off during the year		-	(2,849,408)
<b>Balance at end of the year</b>		<b>169,482,095</b>	<b>148,392,809</b>
<b>12 DEFERRED TAX ASSET - NET</b>			
Deferred tax asset - net	12.1 & 12.2	<b>198,893,526</b>	198,893,526
<b>12.1 Deductible temporary differences arising in respect of:</b>			
Deficit on revaluation of investments		<b>1,752,206</b>	1,752,206
Difference in accounting and tax base of fixed assets		<b>269,502</b>	269,502
Provision for lease losses and doubtful receivables		<b>176,584,777</b>	176,584,777
Share of loss of associates		<b>(889,227)</b>	(889,227)
Carry forward of tax losses		<b>247,519,513</b>	247,519,513
		<b>425,236,771</b>	425,236,771
<b>Taxable temporary differences arising in respect of:</b>			
Difference in accounting and tax base of net investment in lease finance		<b>(227,655,745)</b>	(227,655,745)
Reversal of impairment		<b>1,312,500</b>	1,312,500
		<b>(226,343,245)</b>	(226,343,245)
<b>Net deferred tax asset-recognized</b>		<b>198,893,526</b>	198,893,526

12.2 Deferred tax asset is recognized in respect of carry forward assessed tax losses/deductible temporary differences to the extent it is probable that there will be future taxable profits against which these losses/deductible temporary differences can be utilized. The Company has prepared a five year business plan which has been approved by the Board of Directors. The said plan involves certain key assumptions underlying the estimation of future taxable profits including injection of fresh equity. The determination of future taxable profit is directly related and sensitive to certain key assumptions such as recoveries of outstanding lease and long term finances, resumption of licenses, expected return on investments and bank balances etc. Any change in the key assumptions may have an effect on the realizability of the deferred tax asset. The Board and management believes that it is probable that the Company will be able to achieve the profits projected in the business plan and consequently it is expected that out of the total deferred tax asset of Rs.740.093 million as at June 30, 2015, deferred tax asset worth Rs. 198.893 million will be realized in the future.

	Note	2015 Rupees	2014 Rupees
<b>13 CURRENT PORTION OF NON-CURRENT ASSETS</b>			
Net investment in finance lease	9	<b>148,868,448</b>	130,451,117
Long-term finances	11	<b>106,923,596</b>	131,152,909
		<b>255,792,044</b>	261,604,026
<b>14 SHORT TERM INVESTMENTS</b>			
<b>Available-for-sale</b>			
Term finance certificates / sukuk bonds	14.1	-	3,750,000
Unquoted shares	14.2	<b>14,332,194</b>	15,630,699
Preference shares	14.3	<b>377,668</b>	377,668
		<b>14,709,862</b>	19,758,367
Less: Provision for impairment in preference shares		<b>(377,668)</b>	(377,668)
		<b>14,332,194</b>	19,380,699
<b>At fair value through profit or loss - held for trading</b>			
Quoted equity securities	14.4	<b>42,848,580</b>	38,418,333
		<b>57,180,774</b>	57,799,032



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14.1 Term finance certificates / sukuk bonds

2015	2014		Note	2015 Rupees	2014 Rupees
<i>Number of Certificates / Bonds</i>					
<b>Quoted</b>					
3,000	3,000	Invest Capital Investment Bank Ltd.		15,000,000	15,000,000
82	82	Trust Investment Bank Limited		186,276	186,276
				<b>15,186,276</b>	<b>15,186,276</b>
<b>Un-quoted</b>					
1,123	1,123	Gharibwal Cement Limited		5,550,000	5,550,000
1,023	1,023	New Allied Electronics (Pvt.) Ltd.		4,348,775	4,348,775
-	2,000	Flying Paper and Board Limited		-	-
-	4,247	Avari Hotels		-	-
				<b>9,898,775</b>	<b>9,898,775</b>
				<b>25,085,051</b>	<b>25,085,051</b>
Impairment in value of investments			14.1.1	(25,085,051)	(21,335,051)
Unrealized gain on remeasurement of investments			14.1.2	-	-
				<b>-</b>	<b>3,750,000</b>

14.1.1 Movement in provision for impairment in value of investments

Balance at beginning of the year		21,335,051	21,148,775
Impairment during the year	35	3,750,000	186,276
<b>Balance at end of the year</b>		<b>25,085,051</b>	<b>21,335,051</b>
		<i>2015</i>	<i>2014</i>
		<i>Rupees</i>	<i>Rupees</i>

14.1.2 Movement of unrealized gain on remeasurement of investments

Balance at beginning of the year	-	189,443
Reversal during the year	-	(189,443)
<b>Balance at end of the year</b>	<b>-</b>	<b>-</b>

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

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

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

14.1.4 TFCs of Invest Capital Investment Bank Limited amounting to Rs. 15 million (2014: Rs. 15 million) have been pledged with a DFI against the guarantee provided to Asian Development Bank on behalf of the Company.

14.1.5 TFCs aggregated to Rs. 10.08 million (2014: 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.



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14.2 Un-quoted equity securities

Fully paid ordinary shares of Rs.10 each:

2015	2014		Note	2015	2014
Number of Shares				Rupees	Rupees
2,512,299	2,512,299	Burj Bank Limited	14.2.1	24,950,489	24,950,489
2,518,454	2,518,454	First Pakistan Securities Ltd.		36,000,000	36,000,000
2,396,881	2,396,881	World Bridge Connect (Pvt.) Ltd.		23,968,810	23,968,810
				<b>84,919,299</b>	<b>84,919,299</b>
Impairment loss					
		-First Pakistan Securities Ltd.		(36,000,000)	(36,000,000)
		-World Bridge Connect (Pvt.) Ltd.		(23,968,810)	(23,968,810)
				<b>(59,968,810)</b>	<b>(59,968,810)</b>
Unrealised loss on remeasurement of investments					
			14.2.2	<b>(10,618,295)</b>	<b>(9,319,790)</b>
				<b>14,332,194</b>	<b>15,630,699</b>

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

	2015	2014
	Rupees	Rupees
14.2.2 Movement in unrealized loss on remeasurement of investments		
Balance at beginning of the year	(9,319,790)	(4,826,974)
Unrealised loss during the year	(1,298,505)	(4,492,816)
<b>Balance at end of the year</b>	<b>(10,618,295)</b>	<b>(9,319,790)</b>

14.3 Preference shares

2015	2014			2015	2014
Number of Shares					
<b>Quoted</b>					
75,500	75,500	Azgard Nine Limited	14.3.1	377,668	377,668
		Less: Provision for impairment		(377,668)	(377,668)
				<b>-</b>	<b>-</b>

14.3.1 These represent cumulative redeemable convertible preference shares carried dividend at the rate of 0% (2014: 8.95%) per annum. These were matured on November 21, 2010. However, due to default in repayment at maturity dates, full provision has been made against these preference shares.

14.4 Quoted equity securities

Fully paid ordinary shares of Rs.10 each:

2015	2014		2015	2014
Number of Shares			Rupees	Rupees
-	10,000	Arif Habib Corporation Limited	-	278,400
8,600	-	Allied bank limited	859,484	-
1,000	9,500	Attock Refinery Limited	228,450	2,016,755
-	30,500	Bank Alfalah Limited	-	838,750
20,000	915,500	Bank Of Punjab	182,600	8,331,050
5,000	162,500	BYCO Petroleum Pakistan Limited	115,700	1,852,500
860	-	Cherat Cement Limited	74,846	-
-	66,000	D.G. Khan Cement Company Limited	-	5,805,360
720	1,220	Dawood Hercules Corporation Limited	84,074	85,144
1,000	3,000	Dawood Lawrencepur Limited	115,000	351,000
20,000	-	Fatima fertilizer Limited	781,800	-





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2015	2014		2015	2014
Number of Shares			Rupees	Rupees
-	2,000	Fauji Cement Company Limited	-	38,480
30,000	-	Fauji Fertilizer Bin Qasim Limited	1,659,601	-
6,000	15,000	Fauji Fertilizer Company Limited	896,520	1,683,750
-	5,000	Faysal Bank Limited	-	80,750
648	648	GlaxoSmithKline Pakistan Limited	126,710	107,587
-	1,000	Highnoon Laboratories Limited	-	169,460
2,898	-	Habib Bank Limited	623,505	-
-	3,000	International Industries Limited	-	148,320
796,500	113,000	K-Electric Limited	6,910,656	959,371
164	-	Lafarge Pakistan Cement Ltd	3,191	-
2,000	2,700	Linde Pakistan Limited	279,800	454,680
115,000	85,000	Lotte Chemical Pakistan Limited	795,800	611,150
-	35,000	Maple Leaf Cement Factory Limited	-	1,051,750
3,100	-	Mari Petroleum Company Limited	1,452,660	-
2,941	3,841	Murree Brewery Company Limited	2,735,098	3,609,273
3,000	-	Nirala MCR Foods Ltd	47,970	-
2,200	4,500	National Refinery Limited	510,532	969,165
5,500	-	Nishat Mills Ltd	628,265	-
235,497	5,000	Pak Elektron Limited	19,485,021	130,100
7,920	920	Pakistan Petroleum Limited	1,300,940	206,393
5,000	-	Pakistan Telecommunication Company Limited	102,500	-
270	270	Siemens Pakistan Engineering Company Limited	344,042	339,390
23,500	5,500	Sui Northern Gas Pipelines Limited	346,585	124,575
35,500	223,000	Sui Southern Gas Company Limited	1,515,850	8,175,180
2,000	-	Searl Pakistan Limited	641,380	-
			<b>42,848,580</b>	<b>38,418,333</b>

14.4.1 These include shares having a market value aggregating to Rs.7.757 million (2014: Rs. 2.32 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.

	Note	2015 Rupees	2014 Rupees
<b>15 PLACEMENTS AND FINANCES</b>			
Placement - unsecured	15.1	9,000,000	12,000,000
Provision for doubtful placement	15.1.1	(9,000,000)	(12,000,000)
		-	-
Financing against shares	15.2	306,756,172	306,756,172
Provision for doubtful finances	15.2.1	(306,756,172)	(306,756,172)
		-	-
Short-term finances - secured	15.3	32,717,935	50,581,567
Provision for doubtful finances	15.3.1	(11,300,000)	(21,990,943)
		21,417,935	28,590,624
Certificates of deposit		5,000,000	5,000,000
Provision for doubtful finance		(5,000,000)	(5,000,000)
		-	-
Murabaha / musharika finances - secured	15.4	87,624,717	91,840,959
Provision for doubtful finances	15.4.1	(48,599,304)	(52,176,474)
		39,025,413	39,664,485
		<b>60,443,348</b>	<b>68,255,109</b>

15.1 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.



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	2015 Rupees	2014 Rupees
<b>15.1.1 Movement in provision for doubtful placement</b>		
Balance at beginning of the year	12,000,000	14,500,000
Reversal during the year	(3,000,000)	(2,500,000)
<b>Balance at end of the year</b>	<b>9,000,000</b>	<b>12,000,000</b>
<b>15.2</b> These financing were made to a company and individuals in the normal course of business and matured on June 30, 2009.		
	2015 Rupees	2014 Rupees
<b>15.2.1 Movement in provision for doubtful financing against shares</b>		
Balance at beginning of the year	306,756,172	311,071,100
Written off during the year	-	(4,314,928)
<b>Balance at end of the year</b>	<b>306,756,172</b>	<b>306,756,172</b>
<b>15.3</b> These are secured by mortgage of properties and ranking charge over hypothecation of stock and matured on June 30, 2009.		
	2015 Rupees	2014 Rupees
<b>15.3.1 Movement in provision for doubtful finances</b>		
Balance at beginning of the year	21,990,943	34,000,901
Reversal for the year	(10,690,943)	(12,009,958)
<b>Balance at end of the year</b>	<b>11,300,000</b>	<b>21,990,943</b>
<b>15.4</b> 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.		
	2015 Rupees	2014 Rupees
<b>15.4.1 Movement in provision for doubtful murabaha / musharika finances</b>		
Balance at beginning of the year	52,176,474	54,181,474
Reversal for the year	(3,577,170)	(2,005,000)
<b>Balance at end of the year</b>	<b>48,599,304</b>	<b>52,176,474</b>
<b>15.5</b> As at June 30, 2015, an amount of Rs 432.095 million (June 30, 2014: Rs 451.68 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.60.44 million (June 30, 2014 : Rs.53.75 million).		
	Note	2015 Rupees
<b>16 ASSETS CLASSIFIED AS HELD FOR SALE</b>		2014 Rupees
Balance at beginning of the year		91,608,166
Assets acquired during the year		3,500,000
Assets disposed off during the year		-
<b>Balance at end of the year</b>	16.1	<b>95,108,166</b>
<b>16.1</b> 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. During the year, the management has disposed off assets amounting to Rs. 66.50million to satisfy the claims against state life insurance claims. Balance of Rs. 28.603 million represent Land for which Honourable Lahore High Court has ordered to transfer the ownership in name of company and buyer is also identified but sale is pending owing to peaceful transfer of possession for which buyer has written to the Company to take steps.		



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	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>17 ADVANCE AGAINST LEASE COMMITMENTS</b>			
Considered doubtful		35,696,247	35,696,246
Provision for doubtful advances		(35,696,247)	(35,696,246)
		<u>-</u>	<u>-</u>
<b>18 LOANS AND ADVANCES</b>			
<i>Considered good</i>			
Advance for purchase of shares		70,000	2,500,000
Advance income tax		4,042,138	3,126,560
Loan to employee		2,617,002	820,854
Advance rent		1,307,416	-
Others		667,211	695,236
		<u>8,703,768</u>	<u>7,142,650</u>
<i>Considered - Doubtful</i>			
Short term advance - Dawood Power Limited(associated company)		3,000,920	3,000,920
Less : Provision for doubtful advances		(3,000,920)	(3,000,920)
		<u>-</u>	<u>-</u>
		<u>8,703,768</u>	<u>7,142,650</u>
<b>19 DEPOSITS AND PREPAYMENTS</b>			
Margin deposit receivable from NCCPL	19.1	20,590,673	17,184,813
Prepayments		387,255	385,083
		<u>20,977,928</u>	<u>17,569,896</u>
19.1	This represents margin held by National Clearing Company of Pakistan Limited against deliverable future contracts.		
<b>20 MARKUP ACCRUED</b>	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
Long term finance		-	4,439
Bank deposit accounts		-	207,594
Placement and finances		55,811	-
		<u>55,811</u>	<u>212,033</u>
<b>21 OTHER RECEIVABLES</b>			
<i>Considered doubtful</i>			
Decretal amount receivable	21.1	37,302,430	37,302,430
TFC proceeds receivable from Bankers Equity Limited		12,365,100	12,365,103
Receivable against lease termination		72,603,040	74,048,040
Receivable against KSE Card transaction-net	21.2	45,515,114	45,515,114
Accounts receivable - others		5,295,096	5,295,096
Brokerage receivable		636,660	636,660
		<u>173,717,440</u>	<u>175,162,443</u>
Less : Provision for doubtful receivables	21.3	(173,717,440)	(175,162,443)
		<u>-</u>	<u>-</u>
21.1	This relates to decree of recovery for Rs. 64.412 million which was awarded by the Banking Court under the Banking Companies (Recovery of Loans, Advances, Credits and Finance), Act of 1997. The Company has the possession of assets, the forced sale value of which is fairly higher than the carrying value. Further, the Company also holds additional security by way of equitable mortgage on factory land and building, the possession of which is in the Company's hands. However, as a matter of prudence the Company has made provision in this regard.		
21.2	The Company had purchased Karachi Stock Exchange Limited (KSEL) 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 KSEL member from whom that card was purchased. The Company has made provision against this receivable as a matter of prudence.		



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	Note	2015 Rupees	2014 Rupees
<b>21.3 Movement in provision for doubtful receivables</b>			
Balance at beginning of the year		175,162,440	138,449,230
(Reversal) / charge during the year	37	(1,445,000)	36,713,210
Balance at end of the year		<u>173,717,440</u>	<u>175,162,440</u>

**22 CASH AND BANK BALANCES**

**With banks**

- In deposit accounts	22.1	49,141,173	25,958,088
- In current accounts		20,855	21,164
		<u>49,162,028</u>	<u>25,979,252</u>

22.1 These represent deposits maintained with various commercial banks and carry profit at the rates ranging between 4.52% to 7% (2014: 6% to 9.3%).

**23 SHARE CAPITAL**

**23.1 Authorized**

2015	2014		Note	2015 Rupees	2014 Rupees
Number of Shares					
-	75,000,000	Ordinary shares of Rs.10 each		-	750,000,000
-	75,000,000	Preference shares of Rs.10 each		-	750,000,000
-	150,000,000			-	1,500,000,000
<u>150,000,000</u>	-	Ordinary or preference shares of Rs.10 each	23.1.1	<u>1,500,000,000</u>	-

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

**23.2 Issued, subscribed and paid-up**

2015	2014		Note	2015 Rupees	2014 Rupees
Number of Shares					
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
		- issued against preference shares and its dividend	23.2.1	857,407,330	
85,740,733		- issued on acquisition		4,720,870	4,720,870
<u>472,087</u>	<u>472,087</u>			<u>1,483,900,230</u>	<u>626,492,900</u>
<u>148,390,023</u>	<u>62,649,290</u>				

23.2.1 During the year the company has 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.

23.2.2 At June 30, 2015 associated undertakings, namely Dawood Capital Management Limited holds 2,382,641 (2014: 2,382,641), BRR Guardian Modaraba holds 3,342,562 (2014: 3,342,562) and BRR Investments (Private) Limited holds 490,591 (2014: 490,591) ordinary shares of the Company.



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23.3 Preference share capital

2015	2014		2015	2014
<i>Number of Shares</i>			<i>Rupees</i>	
-	71,583,354	Fully paid 4% cumulative preference shares of Rs.10 each issued against settlement of liabilities	-	715,833,540

23.3.1 The Company issued cumulative preference shares of Rs.704.715 million and Rs.11.115 million on June 09, 2010 and June 29, 2010 respectively against settlement of various liabilities / loans. These preference shares carry preference dividend @ 4% on cumulative basis and are convertible at par after five years. These preference shares are non-voting, non-participatory and have a call option exercisable after two years from the date of issue. The holders of preference shares have option to convert these shares into ordinary shares of the Company at par value of Rs.10 along with cumulative dividend at any time after issuance. At the expiry of the term on June 8, 2015 and June 28, 2015, company has converted all the preference shares along with accrued preference dividend thereon into ordinary shares at par value of Rs.10 each.

	<i>Note</i>	2015 <i>Rupees</i>	2014 <i>Rupees</i>
<b>24 LONG TERM LOANS</b>			
- Secured			
Commercial banks	24.1	432,573,673	432,573,673
Asian Development Bank	24.2	-	10,880,107
		<u>432,573,673</u>	<u>443,453,780</u>
Current portion shown under current liabilities	26	<u>(432,573,673)</u>	<u>(443,453,780)</u>
		-	-
<b>24.1 Reconciliation of commercial bank loans</b>			
Balance at beginning of the year		432,573,673	439,885,597
Repaid / settled during the year		-	(7,311,924)
<b>Balance at end of the year</b>		<u>432,573,673</u>	<u>432,573,673</u>

24.1.1 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% (2014: 0% to 5%) per annum payable on quarterly / half yearly basis.

	2015 <i>Rupees</i>	2014 <i>Rupees</i>
<b>24.2 Reconciliation of Asian Development Bank Loan</b>		
Balance at beginning of the year	10,880,107	21,242,060
Repaid during the year	<u>(10,880,107)</u>	<u>(10,361,953)</u>
<b>Balance at end of the year</b>	<u>-</u>	<u>10,880,107</u>

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

	<i>Note</i>	2015 <i>Rupees</i>	2014 <i>Rupees</i>
<b>25 LONG TERM DEPOSITS</b>			
- Security deposits			
Lease deposits	25.1	82,452,194	95,075,690
Current portion shown under current liabilities	26	<u>(82,433,289)</u>	<u>(95,056,785)</u>
		<u>18,905</u>	<u>18,905</u>



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

	<i>Note</i>	<b>2015</b> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>26 CURRENT PORTION OF LONG TERM LIABILITIES</b>			
Long-term loans	24	<b>432,573,673</b>	443,453,780
Long-term lease deposits	25	<b>82,433,289</b>	95,056,785
		<b>515,006,962</b>	538,510,565
<b>27 MARK-UP ACCRUED</b>			
<b>Secured:</b>			
- Long-term loans	27.1	<b>74,991,501</b>	48,031,293
- Short-term borrowings		-	213,259
<b>Unsecured:</b>			
- Short-term borrowings		<b>78,305,942</b>	59,988,862
		<b>153,297,443</b>	108,233,414

27.1 No mark up at cost of fund has been charged due to the fact that legal advisor is of the view that Honorable High Court has not announced default yet.

	<i>Note</i>	<b>2015</b> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>28 SHORT TERM BORROWINGS</b>			
<b>Unsecured</b>			
Call borrowing - commercial bank	28.1	<b>6,418,220</b>	6,418,223
Development Financial Institution	28.2	<b>75,000,000</b>	75,000,000
		<b>81,418,220</b>	81,418,223

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

28.2 The facility was expired on June 30, 2009. The development financial institutions has obtained a decree on Rs.75 million plus cost of fund at the rate of 14.33% per annum. As per the order of Honourable Sindh High Court, shares and debt instruments having face value of Rs.108 million have been attached in favour of Nazir of High Court. The Company has filed appeal against the said order of SHC in the Supreme Court of Pakistan (SCP) which is pending adjudication.

	<i>Note</i>	<b>2015</b> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>29 CERTIFICATES OF INVESTMENT</b>			
Public sector insurance company	29.1	-	88,500,000

29.1 An out of court settlement with the insurance company was initiated on December 29, 2012 with the assistance of Karachi Centre for Dispute Resolution (KCDR) for payment of Rs. 108.50 million. Subsequently a Compromise Application has been filed and accepted by the Honourable High Court of Sindh on February 6, 2013. According to the terms of agreement, the Company agreed to pay (i) Rs.20 million in cash and (ii) transfer 8.4 million shares of Burj Bank Limited (after acquiring it from BRRGM) at par value of Rs.10 each within 90 days from the date of signing of the said agreement and (iii) transfer a repossessed property (flat) of Rs.4.5 million to the SLIC. The Company duly paid cash of Rs. 20.0 million at the time of signing of the said agreement and also handed possession of the flat and also transferred the 8.40 million shares of Burj Bank to SLIC for settlement.

		<b>2015</b> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<b>30 ACCRUED AND OTHER LIABILITIES</b>			
Preference dividend		-	116,233,633
Guarantee commission		<b>10,654,953</b>	10,536,272
Payable to associated company		<b>18,953,014</b>	-
Unearned rent		-	731,706
Others		<b>3,409,300</b>	2,306,340
		<b>33,017,267</b>	129,807,951



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	2015 Rupees	2014 Rupees
<b>31 CONTINGENCIES AND COMMITMENTS</b>		
<b>31.1 Contingent liabilities</b>		
<b>31.1.1 Letters of comfort / guarantees</b>	<b><u>1,098,000,000</u></b>	<b><u>2,238,000,000</u></b>
<b>a) Guarantees against gas bills</b>		
Guarantees against gas bill provided to a utility company amounting to Rs. 500 million expired in the year 2010. However, the original guarantee documents have not yet been returned by the customer. Out of two guarantees, a guarantee of Rs. 270 million was called by the beneficiary after the expiry date. The legal advisors of the Company are of the view that the Company does not have any financial exposure in respect of these guarantees as these have already been expired, therefore, we have reduced the contingent liability by Rs. 500 million.		
<b>b) Guarantees against finances</b>		
The above amount include guarantees given to financial institutions and a pharmaceutical company amounting to Rs. 640 million (2014 : Rs.640 million) issued against the financing facilities extended to the clients. Out of three guarantees, one guarantee of Rs. 340 million have been called by the beneficiary. The legal advisors of the Company are of the view that the Company has good merits to defend the case. Therefore, we have reduced the contingent liability by Rs.640 million.		
<b>c) Under litigation</b>		
These are guarantees amounting to Rs. 1,098 million (2014: Rs.1,098 million) which were called and are under dispute / litigations which are being defended by the lawyers of the Company. Based on the opinion of legal advisors of the Company, the management is confident that adequate legal grounds are available to defend these cases. Accordingly, no provision is required to be made for the said cases in these financial statements. Brief detail of the guarantees under litigations are as under:		
i. A guarantee of Rs. 245 million was given against a Letter of Commitment and not against a guarantee which is currently in litigation. The beneficiary has restructured its facilities to the customer, hence the amount is disputed. The beneficiary has filed a recovery case and winding up petition against the Company in the Sindh High Court (SHC). According to the Company's legal advisors, the Company has good merits to defend both recovery case and winding up petition.		
ii. A guarantee of Rs. 250 million against the repayment of sukuk was called as the principal debtor defaulted in payment of installments of the said sukuk. The Trustee of the sukuk has filed a recovery suit against the Company in the SHC, which is pending adjudication. Based on opinion of the legal advisors of the Company, the Company has good merits to defend the case as in its view the guarantee never became operational on technical grounds.		
iii. A guarantee of Rs 465 million against the repayment of sukuk has been called which is currently under litigation. Based on the opinion of the legal advisors of the Company, the Company has good merits to defend the case as in its view the guarantee never became operational due to default on the part of trustee of the sukuk issue.		
iv. A guarantee of Rs. 128 million against the bridge finance facility was called as the party in favour of which guarantee was issued defaulted in making payment to the beneficiary bank. The beneficiary has filed winding up petition and suit for recovery in the SHC, which is pending adjudication. According to the Company's legal advisor, the Company has good merits to defend both the recovery case and the winding up petition.		
v. The guarantee of Rs.10 million to secure repayment of running finance facility of the customer has been called by the beneficiary bank. The Company, in response, filed a recovery case against the customer in the Banking court. In January 2013, a settlement agreement was finalized between the customer and the Company under which the customer has undertaken to settle its liability of Rs. 10 million directly with the beneficiary. The Company has filed statement in Banking Court for striking out its name from title of the plaint.		
<b>31.2</b> 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.		
<b>31.3</b> The Company has filed Constitutional Petition against (NICL), Federation of Pakistan and National Accountability Bureau in respect of investment of Rs.100 million made by the NICL on November 24, 2008 with the bank and Bank issue COI trade period of 181 days w.e.f. November 25, 2008 and maturity at May 25, 2009 @ of return was agreed @ 18.5% per annum. Due to financial crises in 2009 the bank referred loan of Rs.2.5 billion. Subsequently the matter of amicable settlement has been made between the bank and NICL which was approved by their respective Board		



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During the year Company has received letter from the NAB whereby it has called upon the Bank for the purpose of investigation. The matter is pending in the Honourable High Court of the Sindh. The company is confident that there will be no liability based on legal opinion.

		2015 Rupees	2014 Rupees
<b>32 RETURN ON INVESTMENTS AND DEPOSITS</b>			
Return on investments		462,914	2,560,036
Profit on bank deposits		1,805,065	3,354,095
Dividend income		1,202,677	541,674
		<u>3,470,656</u>	<u>6,455,805</u>
<b>33 OTHER INCOME</b>			
<b>On financial assets</b>			
Service charges on staff loan		-	5,743
<b>On non - financial assets</b>			
Fee and commission and other charges		3,424,935	5,659,714
Rental income from investment properties		4,898,508	4,725,214
Gain / (loss) on disposal of property and equipment		1,790,049	(23,001)
Exchange gain		294,130	768,789
		<u>10,407,622</u>	<u>11,130,716</u>
		<u>10,407,622</u>	<u>11,136,459</u>
	<b>Note</b>	<b>2015 Rupees</b>	<b>2014 Rupees</b>
<b>34 ADMINISTRATIVE EXPENSES</b>			
Salaries and benefits	34.1	25,800,630	32,190,472
Directors' meeting fees		552,080	980,553
Rent, rates and taxes		1,552,553	4,490,923
Legal, professional and consultancy		2,639,500	11,409,672
Vehicles running and maintenance		2,076,055	3,850,987
Fees and subscription		876,877	729,932
Brokerage		200,093	1,891,636
Travelling and conveyance		91,955	1,017,306
Postage and telephone		373,515	651,135
Utilities		525,000	1,257,586
Printing and stationery		264,990	425,692
Insurance		590,272	1,322,154
Entertainment		258,765	343,928
Advertisement		71,226	112,688
Repairs and maintenance		432,000	742,187
Auditors' remuneration	34.2	1,907,000	1,900,000
Depreciation	6.1	1,799,354	2,411,629
Amortization	7.1	316,325	-
Share registrar service		315,200	294,111
Other expenses		1,201,845	-
		<u>41,845,235</u>	<u>66,022,591</u>
<b>34.1</b>	It include Rs.1,328,685 (2014 : Rs.1,595,330) in respect of Company's contribution in defined contribution plan.		
		<b>2015 Rupees</b>	<b>2014 Rupees</b>
<b>34.2 Auditors' remuneration</b>			
Statutory audit fee		1,000,000	1,000,000
Half yearly review fee		450,000	450,000
Other services and certification		257,000	250,000
Out of pocket expenses		200,000	200,000
		<u>1,907,000</u>	<u>1,900,000</u>





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		2015 Rupees	2014 Rupees
<b>35 FINANCE COST</b>			
<b>Mark-up on</b>			
Long-term loans		34,657,891	46,570,789
Short-term borrowings		10,747,500	2,766,945
Bank charges		122,426	138,119
		<u>45,527,817</u>	<u>49,475,853</u>
		2015	2014
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
<b>36 PROVISION / (REVERSAL OF PROVISION) FOR POTENTIAL LEASE AND OTHER LOAN LOSSES - NET</b>			
Net investment in finance lease	9.2	(42,754,009)	28,809,953
Long term finances	11.4	21,089,286	(12,350,637)
Placements and finances	15	(15,311,227)	(16,514,958)
Other receivables	21.3	(1,445,000)	36,713,210
		<u>38,420,950</u>	<u>36,657,568</u>
<b>37 IMPAIRMENT ON AVAILABLE-FOR-SALE SECURITIES</b>			
Impairment on available-for-sale securities		<u>4,500,812</u>	<u>186,276</u>
<b>38 SHARE OF (LOSS) FROM ASSOCIATES</b>			
Dawood Family Takaful Limited		(5,047,854)	(17,163,058)
Dawood Capital Management Limited		(1,862,057)	-
B.R.R. Investment (Private) Limited		1,822,519	979,090
		<u>(5,087,392)</u>	<u>(16,183,968)</u>
<b>39 TAXATION</b>			
Current year		271,132	(802,018)
Prior year		-	765,692
		<u>271,132</u>	<u>(36,326)</u>
<b>39.1</b>	The current tax represents alternate corporate tax for the year under section 113 of the Income Tax Ordinance, 2001, therefore reconciliation between accounting loss and taxable loss has not been given in these financial statements.		
<b>39.2</b>	Returns upto the tax year 2014 have been filed which are deemed to have been assessed under section 120 of the Income Tax Ordinance, 2001. However the commissioner of income tax may any time during the period of five years select the deemed assessment for audit.		
<b>40 EARNINGS PER SHARE</b>		2015	2014
Profit / (loss) after taxation - basic	<b>Rupees</b>	<u>6,508,693</u>	<u>(166,285,213)</u>
Profit/(Loss) after taxation - diluted	<b>Rupees</b>	<u>6,508,693</u>	<u>(140,945,054)</u>
Weighted average number of ordinary shares - basic EPS	<b>Numbers</b>	<u>71,528,598</u>	<u>62,649,290</u>
Weighted average number of ordinary shares - diluted EPS	<b>Numbers</b>	<u>71,528,598</u>	<u>145,856,007</u>
Earnings / (loss) per share - basic	<b>Rupees</b>	<u>0.09</u>	<u>(2.65)</u>
Earnings / (loss) per share - diluted	<b>Rupees</b>	<u>0.09</u>	<u>(0.97)</u>



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41 REMUNERATION TO CHAIRMAN, DIRECTORS AND EXECUTIVES

	2015			
	Chairman	Chief Executive Officer *	Director	Executives
	----- Rupees -----			
Managerial remuneration	-	-	8,280,000	8,037,900
Provident fund	-	-	552,000	535,860
Reimbursement of expenses	2,806,442	-	-	-
Medical	-	-	38,308	111,820
Fuel	-	-	316,806	652,215
	2,806,442	-	9,187,114	9,337,795
Number of persons	1	-	1	3
	2014			
	Chairman	Chief Executive Officer *	Director	Executives
	----- Rupees -----			
Managerial remuneration	-	3,960,000	8,280,000	12,161,987
Provident fund	-	-	552,000	803,646
Reimbursement of expenses	3,165,029	-	-	-
Medical	-	-	60,000	104,929
Fuel	-	-	39,593	1,434,124
	3,165,029	3,960,000	8,931,593	14,504,686
Number of persons	1	1	1	5

\* 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.

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

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

41.3 Disclosures related to Provident Fund

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

	2015	2014		
Size of the fund - Total assets	82,012,601	73,015,196		
Cost of investments made	42,799,907	65,713,676		
Percentage of investments made	99.92%	99.91%		
Fair value of investments	81,946,991	72,947,816		
The break-up of fair value of investments are:				
	2015	%	2014	%
Investment in securities	4,145,346	5%	3,307,378	5%
Government securities	25,000,000	31%	10,605,750	15%
Debt securities	13,289,182	16%	16,555,124	23%
Mutual funds	5,120,924	6%	6,824,447	9%
Bank balances	34,391,539	42%	35,655,117	49%
	81,946,991	100%	72,947,816	100%



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

This includes portion of other group companies noted as follows:

- 1 Dawood Equities
- 2 Crescent Standard Modaraba
- 3 BRR Guardian Modaraba

**41.3.1** The total and average number of employees during the year and as at June 30, 2015 and 2014 respectively are as follows:

	<b>2015</b>	<b>2014</b>
Average number of employees during the year	<u>12</u>	<u>22</u>
Number of employees as year end	<u>9</u>	<u>19</u>

**42 TRANSACTIONS WITH RELATED PARTIES**

**42.1** 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.

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

	<b>2015</b>		<b>2014</b>	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
<b>Investment in associates</b>				
Balance at beginning of the year	-	180,560,426	-	189,238,323
Share of (loss) / profit from associates	-	(5,087,392)	-	(16,183,968)
Share of reversal of deficit on revaluation of investments classified in other comprehensive income	-	4,185,188	-	7,506,071
Balance at end of the year	<u>-</u>	<u>179,658,222</u>	<u>-</u>	<u>180,560,426</u>
Short term loans	3,523,500	-	726,750	3,000,920
Unearned rent	-	1,307,416	-	905,000
Disposal of fixed assets - cost	-	-	52,275	-
<b>Settlement transactions</b>				
Vehicle sold	1,479,000	-	-	-
Land transferred	-	62,005,166	-	-
	<b>2015</b>		<b>2014</b>	
	<i>Key management personnel</i>	<i>Associates/ related parties</i>	<i>Key management personnel</i>	<i>Associates/ related parties</i>
	----- Rupees -----			
<b>Charge to profit and loss account</b>				
Common expenses paid	-	2,166,612	-	2,118,015
Share of profit / (loss) from associates	-	(5,087,392)	-	(16,183,968)
Service charges on staff loan	-	-	19,091	-
Rental income	-	4,898,508	-	1,086,000
Rent expense	-	836,100	-	2,243,920
Takaful expense	-	77,496	-	74,891



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43 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.

43.1 Segment information for the year ended June 30, 2015

	Leasing		Investments		Long term finances		Placements and finances		Fee, commission and other		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	----- Rupees -----											
Segment revenues	9,586,215	1,944,311	9,137,506	12,959,250	16,769,936	1,785,031	-	-	10,407,622	11,136,459	45,901,279	27,825,051
Share of (loss) / profit from associates	-	-	(5,087,392)	(16,183,968)	-	-	-	-	-	-	(5,087,392)	(16,183,968)
<b>Segment results</b>	<b>9,586,215</b>	<b>1,944,311</b>	<b>4,050,114</b>	<b>(3,224,718)</b>	<b>16,769,936</b>	<b>1,785,031</b>	<b>-</b>	<b>-</b>	<b>10,407,622</b>	<b>11,136,459</b>	<b>40,813,887</b>	<b>11,641,083</b>
Reversal of provision for potential lease and other loan losses - net	42,754,009	28,809,953	-	-	(21,089,286)	(12,350,637)	15,311,227	(16,514,958)	1,445,000	36,713,210	38,420,950	(36,657,568)
Unrealized gain / (loss) on remeasurement of investments	-	-	1,094,892	2,190,905	-	-	-	-	-	-	1,094,892	2,190,905
Impairment on available-for-sale securities	-	-	(4,500,812)	(186,276)	-	-	-	-	-	-	(4,500,812)	(186,276)
Surplus on revaluation of investment properties	-	-	-	-	-	-	-	-	-	-	18,323,960	670,000
Loss on settlement of liabilities	-	-	-	-	-	-	-	-	-	-	-	(3,068,428)
Administrative expenses	-	-	-	-	-	-	-	-	-	-	(41,845,235)	66,022,591
Finance cost	-	-	-	-	-	-	-	-	-	-	(45,527,817)	49,475,853
<b>(Loss) / profit before taxation</b>											<b>6,779,825</b>	<b>90,088,160</b>
Taxation											(271,132)	(36,326)
<b>(Loss) / profit after taxation</b>											<b>6,508,693</b>	<b>(140,945,054)</b>
Segment assets	149,053,882	130,891,719	244,658,359	245,882,042	106,923,596	131,484,776	60,443,348	68,255,109	-	-	561,079,185	576,513,646
Unallocated assets	-	-	-	-	-	-	-	-	-	-	404,780,213	426,377,735
<b>Total assets</b>											<b>965,859,398</b>	<b>1,002,891,381</b>
Segment liabilities	208,229,423	215,073,066	341,789,615	404,017,955	149,373,088	216,047,540	84,439,823	112,152,516	-	-	783,831,949	947,291,076
Unallocated liabilities	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total liabilities</b>											<b>783,831,949</b>	<b>947,291,076</b>
<b>Net Assets</b>											<b>182,027,449</b>	<b>55,600,305</b>



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43.2 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	2015					
	Leasing operations	Investments	Long-term finances	Placements and finances	Total	%
	- Rupees -					
Cement	-	5,628,037	-	-	5,628,037	0.35
Chemicals, fertilizers and pharmaceuticals	26,581,195	5,559,278	28,862,135	-	61,002,608	3.79
Construction	13,169,217	-	105,200,000	-	118,369,217	7.35
Electrical goods	4,062,742	24,177,839	4,625,235	-	32,865,816	2.04
Energy, oil and gas	669,115	12,381,373	13,134,586	-	26,185,074	1.63
Food, tobacco and beverages	21,377,932	2,783,068	-	12,000,000	36,161,000	2.25
Health care	5,201,904	-	-	-	5,201,904	0.32
Individuals	104,626,545	-	105,945,772	342,176,292	552,748,609	34.34
Steel, engineering and automobile	15,752,673	-	746,462	822,532	17,321,667	1.08
Sugar and allied	30,448,349	-	-	-	30,448,349	1.89
Textile	164,309,495	743,265	7,370,436	-	172,423,196	10.71
Transport and communication	173,092,748	24,071,310	10,521,065	2,100,000	209,785,123	13.03
Financial	-	257,460,576	-	84,000,000	341,460,576	21.21
Miscellaneous	-	84,074	-	-	84,074	0.01
	559,291,915	332,888,820	276,405,691	441,098,824	1,609,685,250	100

Class of business	2014					
	Leasing operations	Investments	Long-term finances	Placements and finances	Total	%
	- Rupees -					
Cement	-	12,445,590	-	-	12,445,590	0.75
Chemicals, fertilizers and pharmaceuticals	27,946,195	3,111,771	28,862,135	-	59,920,101	3.61
Construction	14,609,217	-	105,200,000	-	119,809,217	7.22
Electrical goods	4,062,742	4,348,775	4,625,235	-	13,036,752	0.79
Energy, oil and gas	669,115	13,344,568	15,572,086	-	29,585,769	1.78
Food, tobacco and beverages	23,069,128	3,609,272	-	24,500,000	51,178,400	3.08
Health care	5,201,904	-	-	-	5,201,904	0.31
Individuals	104,884,528	-	106,880,166	351,756,166	563,520,860	33.96
Steel, engineering and automobile	25,846,818	-	846,462	822,532	27,515,812	1.66
Sugar and allied	33,762,249	-	-	-	33,762,249	2.03
Textile	168,696,243	728,668	7,370,436	-	176,795,347	10.65
Transport and communication	175,135,622	-	10,521,065	2,100,000	187,756,687	11.32
Financial	-	230,226,141	-	87,000,000	317,226,141	19.12
Miscellaneous	-	61,545,992	-	-	61,545,992	3.71
	583,883,761	329,360,777	279,877,585	466,178,698	1,659,300,821	100

The Company's operations are restricted to Pakistan only except investment in US dollar bond of USD 75,000 which is listed at Luxembourg

	2015 Rupees	2014 Rupees
<b>44 FINANCIAL INSTRUMENTS BY CATEGORY</b>		
<b>Financial assets as per balance sheet</b>		
<b>Held for trading</b>		
Quoted equity securities	42,848,580	38,418,333
<b>Available for sale</b>		
Term finance certificates	-	3,750,000
Unquoted equity securities	14,332,194	15,630,699
US dollar bond	7,819,363	7,522,584
	22,151,557	26,903,283



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	2015 <i>Rupees</i>	2014 <i>Rupees</i>
<b>Loans and receivables</b>		
Net investment in lease finance	149,053,882	130,891,719
Long-term finances	106,923,596	131,484,776
Long term deposits	4,343,822	3,704,000
Placements and finances	60,443,348	68,255,109
Loans and advances	2,687,002	3,320,854
Mark-up accrued	55,811	212,033
Cash and bank balances	49,162,028	25,979,252
	<b>372,669,489</b>	<b>363,847,743</b>
	<b>437,669,626</b>	<b>429,169,359</b>
<b>Financial liabilities as per balance sheet</b>		
<b>Financial liabilities measured at amortised cost</b>		
Long term loans	432,573,673	443,453,780
Long term deposits	82,452,194	95,075,690
Mark-up accrued	153,297,443	108,233,414
Short-term borrowings	81,418,220	81,418,223
Certificates of investment	-	88,500,000
Accrued and other liabilities	33,017,267	129,076,245
	<b>782,758,797</b>	<b>945,757,352</b>
<b>44.1 Reconciliation of financial assets and liabilities with total assets and liabilities</b>		
<b>Total financial assets</b>	437,669,626	429,169,359
<b>Add: Non financial assets</b>		
Property and equipment	2,289,456	5,524,976
Intangibles assets	1,183,678	-
Assets classified as held for sale	28,603,000	95,108,166
Investment properties	89,848,960	71,525,000
Investment in associates - equity method	179,658,222	180,560,426
Income tax refund	718,236	718,236
Prepayments	26,994,694	21,391,692
Deferred tax asset	198,893,526	198,893,526
	<b>528,189,772</b>	<b>573,722,022</b>
<b>Total assets</b>	<b>965,859,398</b>	<b>1,002,891,381</b>
<b>Total financial liabilities</b>	782,758,797	945,757,352
<b>Add: Non financial liabilities</b>		
Taxation	1,073,152	802,018
Unearned rent and accrued expenses	-	731,706
<b>Total liabilities</b>	<b>783,831,949</b>	<b>947,291,076</b>

**45 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:



**FIRST DAWOOD INVESTMENT BANK LIMITED**

**45.1 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.

**45.1.1 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:

	<b>2015</b>	2014
	<b>Rupees</b>	Rupees
<b>Fixed rate instruments at carrying amount:</b>		
<b>Financial assets</b>		
Bank balances	49,141,173	25,958,088
Long term investments	7,819,363	7,522,584
	<b>56,960,536</b>	33,480,672
<b>Financial liabilities</b>		
Loan term loans	228,619,450	239,499,557
Short-term borrowings	75,000,000	75,000,000
	<b>303,619,450</b>	314,499,557
<b>Variable rate instruments at carrying amount:</b>		
<b>Financial assets</b>		
Net investment in lease finance	149,053,882	130,891,719
Long term finances	106,923,596	131,484,776
Placements and finances	60,443,348	68,255,109
	<b>316,420,826</b>	330,631,604

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. 0.80 million and a decrease of 100 basis points would result in a decrease in the Company's income by the same amount. However, in practice, the actual results may differ from the sensitivity analysis.

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

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

	<b>2015</b>				
	<i>Weighted average effective rate of interest</i>	<i>Carrying amount</i>	<i>Contractual Cash flows</i>	<i>Upto one year</i>	<i>Over one year</i>
		----- Rupees -----			
<b>Liabilities</b>					
Long-term loans	0% - 6.31%	432,573,673	432,573,673	432,573,673	-
Long term deposits	-	82,452,194	82,452,194	82,433,289	18,905
Mark-up accrued	-	153,297,443	153,297,443	153,297,443	-
Short-term borrowings	-	81,418,220	81,418,220	81,418,220	-
Certificates of investment	14.33%	-	-	-	-
Accrued and other liabilities	17% - 20%	33,017,267	33,017,267	33,017,267	-
		<b>782,758,797</b>	<b>782,758,797</b>	<b>782,739,892</b>	<b>18,905</b>



FIRST DAWOOD INVESTMENT BANK LIMITED

	2014				
	Weighted average effective rate of interest	Carrying amount	Contractual Cash flows	Upto one year	Over one year
----- Rupees -----					
<b>Liabilities</b>					
Long-term loans	0% - 6.31%	443,453,780	443,453,780	443,453,780	-
Long term deposits	-	95,075,690	95,075,690	18,905	95,056,785
Mark-up accrued	-	108,233,414	108,233,414	108,233,414	-
Short-term borrowings	-	81,418,223	81,418,223	81,418,223	-
Certificates of investment	14.33%	88,500,000	88,500,000	88,500,000	-
Accrued and other liabilities	17% - 20%	129,807,951	129,807,951	129,807,951	-
		<u>946,489,058</u>	<u>946,489,058</u>	<u>851,432,273</u>	<u>95,056,785</u>

45.1.1.1 Mismatch of interest rate sensitive assets and liabilities

	Effective interest rate	2015							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 -----									
<b>Financial assets</b>									
Net investment in lease finance	8% - 29.17%	148,868,448	185,434	-	-	-	-	-	149,053,882
Long term investments	6.85%	-	-	-	-	-	7,819,363	179,658,222	187,477,585
Long-term finances	8% - 18.27%	106,923,596	-	-	-	-	-	-	106,923,596
Long term deposits	-	-	-	-	-	-	-	4,343,822	4,343,822
Short term investments	-	-	-	-	-	-	-	57,180,774	57,180,774
Placements and finances	8.5% - 24%	60,443,348	-	-	-	-	-	-	60,443,348
Loans and advances	-	-	-	-	-	-	-	8,703,768	8,703,768
Mark-up accrued	-	-	-	-	-	-	-	55,811	55,811
Cash and bank balances	6% - 10%	49,141,173	-	-	-	-	-	20,855	49,162,028
		<u>365,376,565</u>	<u>185,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,819,363</u>	<u>249,963,252</u>	<u>623,344,614</u>
<b>Financial liabilities</b>									
Long term loans	0% - 6.31%	432,573,673	-	-	-	-	-	-	432,573,673
Long term deposits	-	-	-	-	-	-	-	82,452,194	82,452,194
Mark-up accrued	-	-	-	-	-	-	-	108,233,414	108,233,414
Short-term borrowings	17.00%	81,418,220	-	-	-	-	-	-	81,418,220
Certificates of investment	-	-	-	-	-	-	-	-	-
Accrued and other liabilities	-	-	-	-	-	-	-	10,654,953	10,654,953
		<u>513,991,893</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>201,340,561</u>	<u>715,332,454</u>
<b>On balance sheet gap</b>		<u>(148,615,328)</u>	<u>185,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,819,363</u>	<u>48,622,691</u>	<u>(91,987,840)</u>

The Company has investment properties and assets held for sale Rs. 89,848 million and Rs. 28,603 million respectively for settlement of its liabilities. Further, the Company plans to restructure its liabilities so as to manage the on-balance sheet gap in the coming years.





FIRST DAWOOD INVESTMENT BANK LIMITED

Effective interest rate	2014							Not exposed to interest rate risk	Total
	One year or less	More than one year but less than two years	More than two year but less than three years	More than three year but less than four years	More than four year but less than five years	More than five year			
Rupees									
<b>Financial assets</b>									
Net investment in lease finance	8% - 29.17%	130,451,117	-	440,602	-	-	-	-	130,891,719
Long term investments	6.85%	-	-	-	-	-	7,522,584	180,560,426	188,083,010
Long-term finances	8% - 18.27%	131,152,909	331,867	-	-	-	-	-	131,484,776
Long term deposits	-	-	-	-	-	-	-	3,704,000	3,704,000
Short term investments	-	-	-	-	-	-	-	57,799,032	57,799,032
Placements and finances	8.5% - 24%	68,255,109	-	-	-	-	-	-	68,255,109
Loans and advances	-	-	-	-	-	-	-	25,430,782	25,430,782
Mark-up accrued	-	-	-	-	-	-	-	212,033	212,033
Cash and bank balances	6% - 10%	25,958,088	-	-	-	-	-	21,164	25,979,252
		<u>355,817,223</u>	<u>331,867</u>	<u>440,602</u>	<u>-</u>	<u>-</u>	<u>7,522,584</u>	<u>267,727,437</u>	<u>631,839,713</u>
<b>Financial liabilities</b>									
Long term loans	0% - 6.31%	443,453,780	-	-	-	-	-	-	443,453,780
Long term deposits	-	-	-	-	-	-	-	95,075,690	95,075,690
Mark-up accrued	-	-	-	-	-	-	-	108,233,414	108,233,414
Short-term borrowings	17.00%	81,418,223	-	-	-	-	-	-	81,418,223
Certificates of investment	17% - 20%	88,500,000	-	-	-	-	-	-	88,500,000
Accrued and other liabilities	-	-	-	-	-	-	-	129,076,245	129,076,245
		<u>613,372,003</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>332,385,349</u>	<u>945,757,352</u>
<b>On balance sheet gap</b>		<u>(257,554,780)</u>	<u>331,867</u>	<u>440,602</u>	<u>-</u>	<u>-</u>	<u>7,522,584</u>	<u>(64,657,912)</u>	<u>(313,917,639)</u>

The Company has investment properties and assets held for sale Rs. 89.849 million and Rs. 28.60 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.

#### 45.1.2 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 investment in US dollar bonds amounting to Rs. 7.819 million, therefore, the Company is not materially exposed to foreign currency risk as at June 30, 2015.

#### 45.1.3 Price risk

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

At the balance sheet date, the exposure to listed equity securities is Rs. 42.849 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. 0.429 million. However, in practice, the actual results may differ from the sensitivity analysis.

#### 45.2 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.



FIRST DAWOOD INVESTMENT BANK LIMITED

	<i>2015</i>	<i>2014</i>
	<i>Rupees</i>	<i>Rupees</i>
Net investment in lease finance	<b>149,053,882</b>	130,891,719
Long term investments	<b>179,658,222</b>	180,560,426
Long term finances	<b>106,923,596</b>	131,484,776
Long term deposits	<b>4,343,822</b>	3,704,000
Short term investments	-	3,750,000
Placements and finances	<b>60,443,348</b>	68,255,109
Loans and advances	<b>3,000,920</b>	3,000,920
Mark-up accrued	<b>55,811</b>	212,033
Cash and bank balances	<b>49,162,028</b>	25,979,252
	<b>552,641,629</b>	547,838,235

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 amount appears in the above statement are forced sale values of collateralized properties and security deposits as at June 30, 2015 which have been taken in accordance with the requirements of the 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.

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

#### 45.3 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>		
<b>June 30, 2015</b>			
Investments at fair value through Profit and loss			
Quoted equity securities	42,848,580	-	-
Unquoted shares	-	14,332,194	-
Term finance certificates / sukuk bonds	-	-	-
Preference shares	-	-	-
Investments in:			
Associates - equity method	19,187,752	160,470,470	-
US dollar bond - available-for-sale	7,819,363	-	-



FIRST DAWOOD INVESTMENT BANK LIMITED

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- Rupees -----		
<b>June 30, 2014</b>			
Investments at fair value through Profit and loss			
Quoted equity securities	38,418,333	-	-
Unquoted shares	-	15,630,699	-
Term finance certificates / sukuk bonds	-	3,750,000	-
Preference shares	-	-	-
Investments in:			
Associates - equity method	22,533,668	158,026,758	-
US dollar bond - available-for-sale	7,522,584	-	-
Investments at fair value through Profit and loss			
- related parties	-	-	-
- others	45,940,917	15,630,699	4,127,668
Available for sale investments - related party	132,174,751		-

**45.4 Liquidity risk**

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

As of balance sheet date, the Company has liquid assets to the tune of Rs. 100.212 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.

**46 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.

As per Rule 3 of NBFC Regulations, the minimum equity requirement for investment finance services was Rs.1,000 million to be achieved in a phased manner by June 30, 2013. Further the minimum equity requirement for Leasing was Rs. 700 million to be achieved in a phased manner by June 30, 2013. Currently the Company has net equity of Rs.182.027 million which does not meet the minimum equity requirement for investment finance services and leasing license.

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, 2015 and 2014 were as follows:

	<i>2015</i>	<i>2014</i>
	<i>Rupees</i>	<i>Rupees</i>
Total borrowings	<b>513,991,893</b>	613,372,003
Less: Cash and bank balances	<b>(49,162,028)</b>	(25,979,252)
<b>Net debt</b>	<b>464,829,865</b>	587,392,751
Total equity	<b>182,027,449</b>	55,600,305
<b>Total capital</b>	<b>646,857,313</b>	642,993,056
<b>Gearing ratio</b>	<b>71.86%</b>	91.35%

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



**FIRST DAWOOD INVESTMENT BANK LIMITED**

**47. 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.

**48. DATE OF AUTHORIZATION FOR ISSUE**

These financial statements were authorized for issue on **29 September, 2015** by the Board of Directors of the Company.

**49. GENERAL**

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

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**Director**

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**Director**



FIRST DAWOOD INVESTMENT BANK LIMITED

**PATTERN OF SHAREHOLDING - ORDINARY SHARES  
AS ON JUNE 30, 2015**

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
904	1	100	30,466
384	101	500	102,401
652	501	1,000	585,252
491	1,001	5,000	1,206,915
134	5,001	10,000	1,131,853
55	10,001	15,000	706,398
39	15,001	20,000	707,735
39	20,001	25,000	932,957
29	25,001	30,000	823,829
7	30,001	35,000	238,411
9	35,001	40,000	355,272
10	40,001	45,000	438,673
27	45,001	50,000	1,346,073
5	50,001	55,000	260,193
10	55,001	60,000	578,747
6	60,001	65,000	368,411
4	65,001	70,000	274,556
3	70,001	75,000	221,452
4	75,001	80,000	316,458
4	85,001	90,000	355,380
2	90,001	95,000	186,630
9	95,001	100,000	900,000
6	100,001	105,000	611,350
1	105,001	110,000	106,000
2	115,001	120,000	235,059
1	120,001	125,000	123,500
2	125,001	130,000	257,805
1	135,001	140,000	136,090
1	140,001	145,000	143,000
4	145,001	150,000	595,475
2	155,001	160,000	319,500
1	160,001	165,000	163,500
1	175,001	180,000	175,352
2	180,001	185,000	366,370
3	185,001	190,000	560,950
1	195,001	200,000	200,000
2	200,001	205,000	404,852
1	205,001	210,000	210,000
3	215,001	220,000	653,791
1	235,001	240,000	240,000
1	250,001	255,000	250,096
2	270,001	275,000	550,000
1	275,001	280,000	278,300
1	280,001	285,000	282,728
1	300,001	305,000	301,955
2	315,001	320,000	634,483
1	325,001	330,000	326,500
1	345,001	350,000	350,000
1	355,000	360,000	355,889
2	395,001	400,000	797,897
1	400,001	405,000	400,537
1	490,001	495,000	492,594
1	525,001	530,000	529,171
1	595,001	600,000	599,276
1	600,001	605,000	605,000
1	745,001	750,000	750,000
1	800,001	805,000	805,000
1	935,001	940,000	937,937
1	1,415,001	1,420,000	1,418,522
1	1,800,001	1,805,001	1,800,164
1	1,920,001	1,925,000	1,921,400
1	2,340,001	2,345,000	2,341,935
1	2,365,001	2,370,000	2,368,064
1	2,380,001	2,385,000	2,382,641
1	2,400,001	2,405,000	2,400,219
1	2,585,001	2,590,000	2,585,770
1	3,000,001	3,005,000	3,000,274
1	3,650,001	3,655,000	3,653,589
1	3,490,001	3,495,000	3,495,000
1	5,960,001	5,965,000	5,961,844
1	5,790,001	5,795,000	5,794,710
1	7,200,001	7,205,000	7,200,657
1	8,935,001	8,940,000	8,939,302
1	10,375,001	10,380,000	10,378,637
1	16,910,001	16,915,000	16,911,944
1	39,015,001	39,020,000	39,017,332
<b>2901</b>			<b>148,390,023</b>



FIRST DAWOOD INVESTMENT BANK LIMITED

Categories of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
Individuals	2840	41,552,002	28.00
Joint Stock Companies	22	196,447	0.13
Insurance Companies	8	17,693,593	11.92
Financial Institutions	13	77,669,145	52.34
Investment Companies	6	1,254,671	0.85
Modarabas	6	3,517,973	2.37
Modaraba Management Companies	1	200,667	0.14
Mutual Fund	2	6,021,653	4.06
Others	3	283,872	0.19
	<b>2901</b>	<b>148,390,023</b>	<b>100.00</b>

S. No.	Categories Shareholders	Shares Held	% Age
<b>1</b>	<b>Associated Companies</b>	<b>6,215,794</b>	<b>4.19</b>
	B.R.R. Guardian Modaraba	3,342,562	
	Dawood Capital Management Limited	2,382,641	
	B.R.R. Investment (Pvt.) Ltd.	490,591	
<b>2</b>	<b>NIT &amp; ICP</b>	<b>2,368,295</b>	<b>1.60</b>
	CDC - Trustee National Investment (UNIT) Trust	2,368,064	
	Investment Corporation of Pakistan	220	
	IDBL (ICP) Unit	11	
<b>3</b>	<b>Directors, CEO, their Spouses and Minor Children</b>	<b>14,825,820</b>	<b>9.99</b>
	Ayaz Dawood	2,585,770	
	Hamida Dawood	2,834,529	
	Rafique Dawood	8,939,302	
	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	
<b>4</b>	<b>Public Sector Companies and Corporation</b>	<b>10,378,637</b>	<b>6.99</b>
<b>5</b>	<b>Banks, DFIS, NBFIS, Insurance Companies, Modarabas Joint Stock Companies and Mutual Funds</b>	<b>87,875,295</b>	<b>59.22</b>
	<b>Shareholders Holding Five Percent Or More In The Company</b>	<b>75,249,852</b>	<b>50.71</b>
	National Bank of Pakistan	39,019,969	26.30
	The Bank of Khyber	16,911,944	11.40
	State Life Insurance Corp. Of Pakistan	10,378,637	6.99
	Rafique Dawood	8,939,302	6.02





FIRST DAWOOD INVESTMENT BANK LIMITED

**FORM OF PROXY**  
**21<sup>st</sup> 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 **21<sup>st</sup> Annual General Meeting** of the Company to be held on Saturday October 31, 2015  
at 02 : 00 p.m. and to every adjournment thereof.

And witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2015, 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 24, 2015 to October 31, 2015 (both days inclusive).
2. A member entitled to attend and vote at the General Meeting is entitled to appoint a proxy to attend and vote instead of him/her. No person other than a member shall act as a proxy.
3. An instrument appointing a proxy and the power of attorney or other Authority (if any) under which it is signed or a notorially certified copy of the Power or Authority, in order to be valid, must be deposited at the Registered Office of the Company, 48 hours before the meeting and must be duly stamped, signed and witnessed.
4. If more than one instrument of Proxy appointing more than one person is deposited with the Company, all such instruments of proxy shall be rendered invalid.
5. The signature on the Instrument of Proxy must confirm to the Specimen Signature recorded with the Company.
6. CDC account holders will in addition have to follow the guidelines as laid down in Circular No. 1 dated January 26, 2000 of Securities & Exchange Commission of Pakistan for attending the meeting.





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
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


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