

F I R S T D A W O O D I N V E S T M E N T B A N K L I M I T E D

FDIBL/MG/4535/2015

The General Manager
Karachi Stock Exchange Ltd.
Stock Exchange Building
Stock Exchange Road
Karachi.

September 29, 2015

Sub: **Financial Results of First Dawood Investment Bank Limited for the Year Ended June 30, 2015**

Dear Sir,

We have to inform you that the Board of Directors of **First Dawood Investment Bank Limited** in their meeting held on **Tuesday September 29, 2015 at 11:30 a.m.** at 18th Floor, B.R.R Tower, Hassan Ali Street, Off: I.I. Chundrigar Road, Karachi, recommended the following:

- | | | | |
|-------|---|-------|---------------|
| (i) | <u>CASH DIVIDEND</u> | -NIL- | <u>AND/OR</u> |
| (ii) | <u>BONUS SHARES</u> | -NIL- | <u>AND/OR</u> |
| (iii) | <u>RIGHT SHARES</u> | -NIL- | <u>AND/OR</u> |
| (iv) | <u>ANY OTHER ENTITLEMENT/CORPORATE ACTION</u> | -NIL- | <u>AND/OR</u> |
| (V) | <u>ANY OTHER PRICE-SENSITIVE INFORMATION</u> | -NIL- | |

The copy of profit and loss account is enclosed on page 2.

Certain qualification / observation by the auditors (Auditors report is annexed on page 3)

The Annual General Meeting of First Dawood Investment Bank Limited will be held on Saturday October 31, 2015 at 02:00 p.m. at BRR Tower, Hassan Ali Street, Off: I.I. Chundrigar Road Karachi.

The Share Transfer Books of the Company will be closed from October 25, 2015 to October 31, 2015 (both days inclusive) the Transfer received at the Registrar Office, FD Registrar Services (SMC-Pvt) Ltd at 1705, 17th Floor, Saima Trade Tower-A I.I. Chundrigar Road, Karachi, at the close of business on October 24, 2015 will be treated in time for the purpose of above entitlement to the transferees.

We will send you 200 printed copies of annual accounts for distribution amongst TRE Certificate Holders of the Exchange in due course.

Yours truly,

Naveed Ahmed
Company Secretary

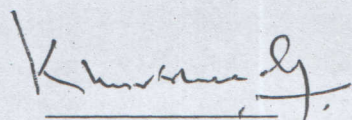
FIRST DAWOOD INVESTMENT BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015

2

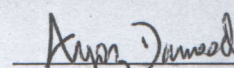
	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
Income			
Lease income		9,586,215	1,944,311
Income from long term finances		16,769,936	1,785,031
Return on investments and deposits	32	3,470,656	6,455,805
Gain on sale of securities - net		5,666,850	6,503,445
Other income	33	<u>10,407,622</u>	<u>11,136,459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

The annexed notes from 1 to 47 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

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 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