

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

EXTRACT FROM AUDITOR'S REPORT TO THE MEMBER

Report that:

- a) The company has recognized deferred tax asset of Rs.679.69 million in respect of unabsorbed tax depreciation on leases, carry forward of unused tax losses including one year's expired losses and deductible temporary differences. As stated in note 10 to the condensed interim financial information, the management has carried out 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. However, we were not provided adequate supporting documentation / bases for the assumptions used in preparation of those projections and consequently, we were unable to determine whether any adjustment in the amount of deferred tax asset was necessary;

Based on their review, with the exception of the matter described in paragraph (a) above, nothing has come to our attention that causes them to believe that the accompanying interim financial information as of and for the six months period ended December 31, 2016 is not prepared in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

they draw attention to the following matters:

- i. Note 1.3 to the condensed interim financial information which describes that licenses to carryout business are not renewed. These conditions along with other matters as stated in note 1.3 and investment exposures exceeding threshold as described in note 8.4 indicates the existence of uncertainties which may cast significant doubt about the company's ability to continue as a going concern and company may not be able to realize its assets and discharge its liabilities at stated amounts.
- ii. Note 20 to the condensed interim financial information gives details of contingencies, the ultimate outcome in this regard cannot presently be ascertained; and
- iii. The company is not in compliance with certain requirements of NBFC Regulations. Further, as stated in note 1.2 to the condensed interim financial information appeal for renewal of registration as Debt Securities Trustee under Regulation 6(2) of Debt Securities Trustee Regulation, 2012 is currently pending at the Honourable High Court of Sindh, Karachi.
- iv. Note 14 to the financial statements which explains the reason for non- transfer of asset classified as held-for-sale and carried at lower of carrying value or of recoverable amount.
- v. Note 8.2 of the financial statements which indicates that license of associate is not renewed.


Company Secretary


Date: February 27, 2017

FIRST DAWOOD INVESTMENT BANK LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE SIX MONTHS AND QUARTER ENDED DECEMBER 31, 2016

	<i>Six months ended</i>		<i>Quarter ended</i>	
	<i>December 31</i>		<i>December 31</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
<i>Note</i>	----- Rupees -----			
INCOME				
Lease income	1,274,177	508,805	1,269,035	494,410
Return on placement, finance deposits and investments	11,389,020	10,503,304	1,255,378	9,239,530
Gain on sale of securities	3,100,995	3,359,905	1,531,101	2,853,940
Income from long-term finances	1,606,970	177,669	1,579,698	125,397
Other income	1,874,847	5,528,266	(632,253)	5,008,616
	19,246,009	20,077,949	5,002,959	17,721,893
PROVISION / CHANGES IN FAIR VALUE				
Reversal / (provision) for potential lease losses and other loan losses - net	21. 4,962,760	(18,211,919)	4,762,760	(18,311,919)
Surplus / (deficit) on remeasurement at fair value through profit and loss	6,188,097	(2,427,434)	3,749,654	(717,476)
Gain on settlement of liabilities	-	77,724,930	-	510,183
	11,150,857	57,085,577	8,512,414	(18,519,212)
	30,396,866	77,163,526	13,515,373	(797,319)
EXPENDITURES				
Administrative expenses	(18,287,170)	(22,566,486)	(9,065,294)	(12,736,611)
Finance cost	(5,483,370)	(13,181,537)	3,769	(5,472,664)
	(23,770,540)	(35,748,023)	(9,061,525)	(18,209,275)
Share of profit / (loss) from associates	2,753,261	(12,527,033)	2,753,261	(12,527,033)
PROFIT/(LOSS) BEFORE TAXATION	9,379,587	28,888,470	7,207,109	(31,533,627)
TAXATION				
Current	22. (473,475)	(6,775,639)	(360,581)	3,534,249
PROFIT AFTER TAXATION	8,906,112	22,112,831	6,846,528	3,534,249
Earnings/(loss) per share - basic	0.06	0.15	0.05	(0.19)
Earnings/(loss) per share - diluted	0.06	0.15	0.05	(0.19)

The annexed notes from 1 to 26. form an integral part of this condensed interim financial information.

This condensed interim financial information has been signed by two Directors due to reasons stated in note 1.9 to this condensed interim financial information.



 DIRECTOR



 DIRECTOR