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FIRST DAWOOD INVESTMENT BANK LIMITED

FDIBL/MG/4399/2014

September 30, 2014

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

Sub: **Financial Results of First Dawood Investment Bank Limited for the Year Ended June 30, 2014**

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 30, 2014 at 3:00 p.m.** at 18th Floor, B.R.R Tower, Hassan Ali Street, Off: I.I. Chundrigar Road, Karachi, recommended the following:

(i)	**CASH DIVIDEND**	-NIL-	**AND/OR**
(ii)	**BONUS SHARES**	-NIL-	**AND/OR**
(iii)	**RIGHT SHARES**	-NIL-	**AND/OR**
(iv)	**ANY OTHER ENTITLEMENT/CORPORATE ACTION**	-NIL-	**AND/OR**
(v)	**ANY OTHER PRICE-SENSITIVE INFORMATION**	-NIL-	

The copies of profit and loss account are enclosed on page 3.

Certain qualification / observation by the auditors as follows

The statutory auditor has qualified their opinion on deferred tax assets and absence of assessment for impairment of investment in an associated undertaking whose licence was cancelled by its regulator. Auditor has also given emphasis paragraph on; going concern assumption, unfunded liability under litigation, non-compliances of NBFC Rules & Regulation and appeal for registration under Debt Securities Trustee Regulations. Extracts from Auditor Report are annexed on page 2.

The Annual General Meeting of First Dawood Investment Bank Limited will be held on Friday October 31, 2014 at 05:00 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 24, 2014 to October 31, 2014 (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, 2014 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 the members of the Exchange in due course.

Yours truly,

Nabeel Asif
CFO & Company Secretary

18th Floor, B.R.R. Tower, Hassan Ali Street, Off: I.I. Chundrigar Road, Karachi-74000.
Tel: 021-32271875-78 Fax: (92-21) 32271912

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EXTRACTS FROM AUDITOR REPORT

Auditor's Qualifications

a) As at June 30, 2014, 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 11 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 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;

b) The operations of one of the associated undertaking were closed due to the reason stated in note 9.3 to the financial statements; consequently, assessment for impairment of investment in that associate should have been made by the management. However, in the absence of such exercise, we were unable to determine whether any adjustment in the carrying value of investment in the associate was necessary.

Auditor's Emphasis Paragraph

i) note 1.3 to the financial statements which describes that that the Company is facing financial problems, its accumulated losses as at June 30, 2014 are in the tune of Rs 1,612.06 million, and as of that date, the Company's current liabilities exceed its current assets by Rs. 400.22 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 29.1.1 may cast significant doubt about the Company's ability to continue as a going concern;

ii) as stated in note 29.1.1 to the financial statements, guarantees issued by the Company amounting to Rs.1,708 million have been called by the beneficiaries including guarantees of Rs. 1,098 million which are under litigations. The ultimate outcome in this regard cannot presently be ascertained; and

iii) As stated in note 1.10, 9.5, 29.3 and 29.4 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.

First Dawood Investment Bank Ltd.

FIRST DAWOOD INVESTMENT BANK LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2014

	Note	2014 Rupees	2013 Rupees
INCOME			
Lease income		1,944,311	4,722,571
Income from long term finances		1,785,031	34,104,252
Return on investments and deposits	30	6,455,805	13,218,010
Gain on sale of securities - net		6,503,445	592,971
Other income	31	11,136,459	24,748,775
		27,825,051	77,386,579
XPENSES			
Administrative expenses	32	(66,022,591)	73,223,894)
Finance cost	33	(49,475,853)	(14,993,996)
		(115,498,444)	88,217,890)
PERATING LOSS BEFORE PROVISIONS AND CHANGES IN FAIR VALUE		(87,673,393)	10,831,311)
ROVISIONS / CHANGES IN FAIR VALUE			
(Provision) / reversal of provision for potential lease and other loan losses - net	34	(36,657,569)	57,137,645
Impairment on available-for-sale securities	35	(186,276)	(3,750,000)
Unrealized gain / (loss) on remeasurment of investments - held for trading		2,190,905	(1,170,670)
Loss on settlement of liabilities		(3,068,428)	63,572,272)
Surplus on revaluation of investment properties		670,000	760,000
		(37,051,368)	10,595,297)
		(124,724,761)	21,426,608)
hare of (loss) / profit from associates	36	(16,183,968)	2,540,645
LOSS BEFORE TAXATION		(140,908,729)	18,885,963)
AXATION	37	(36,326)	58,795,239
(OSS) / PROFIT AFTER TAXATION		(140,945,055)	19,909,276
Earnings per share - basic	38	(2.71)	0.34
Earnings per share - diluted	38	(0.97)	0.35

T e annexed notes from 1 to 47 form an integral part of these financial statements.

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

DIRECTOR

DIRECTOR