



## **DAWOOD ISLAMIC FUND**

**FINANCIAL STATEMENTS  
FOR THE HALF YEAR ENDED  
DECEMBER 31, 2015  
(Un-Audited)**



## CONTENTS

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Corporate Information	2
Directors' Report	3
Trustee Report to the Unit Holders	5
Auditors' Report to the Unit Holders	6
Statement of Assets & Liabilities	8
Income Statement	9
Statement of Comprehensive Income	10
Distribution Statement	11
Cash Flow Statement	12
Statement of Movement in Unit Holders' Fund	13
Notes to the Financial Statements	14



## CORPORATE INFORMATION

<b>Management Company</b>	Dawood Capital Management Limited 5B Lakson Square Building #1 Sarwar Shaheed Road Karachi 74200 Pakistan Tel: (9221) 35621002-7 Fax: (9221) 35621010 E-mail: dcm@edawood.com Website: www.edawood.com	
<b>Board of Directors</b>	Ms. Shafqat Sultana Ms. Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Mohammad Izqar khan Mr. Ansar Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Chief Executive Officer Director Director Director Director Director
<b>Chief Financial Officer &amp; Company Secretary</b>	Mr. Waris Jamil	
<b>Audit Committee</b>	Mr. Ansar Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi-74400 Ph: (9221) 111-111-500 Fax: (9221) 34326020-23	
<b>Auditors</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
<b>Tax advisor</b>	Mazher Associates A-1/E-3, Faiza Avenue, Karachi Pakistan	
<b>Legal Advisor</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza 6-cl-10 Beaumont Road, Karachi 75530 Telephone: (9221) 35657658-9, 35657674 Fax: (9221) 35657673 Email: bawaney@cyber.net.pk	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower A, I.I. Chundrigar Road, Karachi 74000 Pakistan	
<b>Banker:</b>	AlBaraka Bank Pakistan Limited Habib Metropolitan Bank Limited	



## DIRECTORS' REPORT FOR THE HALF-YEAR ENDED DECEMBER 31, 2015

It gives me immense pleasure to present on behalf of the Board of Directors of Dawood Capital Management Limited ("DCM"/"the Company"), the Management Company of Dawood Islamic Fund ("DIF-S"/"the Fund"), the reviewed financial statements for the half year ended December 31, 2015.

### Economic Outlook

First half of 2015-2016 turned out to be quite an eventful year both globally as well as locally, the impacts of which were also reflective in the stock market's oscillating movements throughout the year. The KSE-100 and KMI-30 indices, both showed a range bound behavior closing 2.13% and 9.60% up respectively on a YoY basis. Mainly, the stock market showed a volatile behavior during the second half of CY'15 mainly on the back of foreign investment outflow; this worried the local investors but it is pertinent to understand the reasons behind this volatility. Pakistan's stock market was one of the best performing markets during CY'2015. The important point to note here is that despite a foreign selling of USD 315 million during CY'2015, the stock market has shown consistent resilience, thereby highlighting the confidence of institutional as well as individual investors in the market.

SBP continued its policy whereby it has consistently reduced the Policy Rate over the last four and a half years and brought it down to a 42-year low at 6%, equities appear to be the best way forward for investors to meet their long-term investment goals. The money market faced a relatively tight liquidity scenario evidenced by Rs. 6.1 trillion worth of OMO injections carried out by the SBP coupled with Rs. 68 billion worth of discounting availed by various counters during the month. Inflation for Dec'15 clocked in at 3.2% taking the 6MFY16 average CPI at 2.1% (as against 6.1% in the same period last year). The SBP on December 15, 2015 conducted a fresh GoP Ijarah Sukuk auction after around one and half years. The auction target was Rs. 100 billion and Rs. 117.72 billion was accepted against a participation of Rs. 273.3 billion. Moreover, two T-bill auctions were conducted during this period whereby in total Rs. 112 billion was accepted against a participation of Rs. 309 billion with major participation and acceptance in 3 months category. A PIB auction was also conducted whereby Rs. 33 billion was accepted against a participation of Rs. 137 billion with major participation and acceptance in 3 years category.

### Fund Strategy

The investment strategy devised for the Fund seeks to provide investors with balanced exposure to Shariah based securities including stocks, debt securities and government securities. The Fund's strategy aims to not only preserve investors' capital but also to maximize the value of their investments while providing a stable stream of income.

The portfolio management team selects investments using various analytical disciplines such as top-down fundamental research and quantitative screens in the light of the country's macro indicators. In particular, the team seeks to include in its portfolios fundamentally strong sectors and companies, while dynamically rebalancing portfolios to benefit from predicted macro trends. Investments are diversified across a mix of sectors and investors are offered an optimized risk/return profile.

### Fund Performance

As at December 31, 2015, net assets were Rs. 70.61 million as compared to Rs. 64.13 million as at June 30, 2015. The Fund's total income during the period stands Rs. 7.99 million as opposed to income of Rs. 3.41 million in the same period last year. Total expenses were Rs. 1.51 million as compared to Rs. 1.28 million in the same period last year. Element of income was Nil due to suspension on issuance and redemption of units. The net income for the half year ended December 31, 2015 was Rs. 6.47 million, as compared to Rs. 2.12 million in the same period last year. The Net Assets Value (NAV) of DIF-S per unit increased from Rs. 261.61 to Rs. 282.02.

### Auditors' Report

The Auditors have given their opinion on the financial statements of the fund for the year ended December 31, 2015, wherein they have given qualified conclusion and emphasis on certain matters. Our response to the above observation is as follows:

- Our response to note 1.2 to the financial statements is that the management company confirms that it will extend its financial support to the Fund in case of redemption of units of the said unit holder and to maintain minimum fund balance of Rs. 100 million.
- Our response to note 1.3 to the financial statements is that the management is taking necessary steps to ensure all due compliances and the management has conveyed its commitment to SECP to ensure the compliances with all the laws applicable to Company including Companies Ordinance 1984, Listing rules and regulations, Non Banking Finance Companies and Notified Entities Regulations, 2008 and Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003.



- Our response to the information on note 9 to the financial statements is that the operations of the fund remained suspended from 22 March 2013 to 22 January 2015 under the order of Executive Director-SECP dated March 22, 2013. Management Company filed an appeal in appellate tribunal of SECP against the order of Executive Director-SECP under section 33 of the Securities and Exchange Commission of Pakistan Act, 1997, the Appellate Tribunal of SECP vide Order dated 22 January 2015 set aside the initial order in its entirety on the grounds stated therein. The appellate Tribunal's decision was not appealed in term of section 34 of the SECP Act and a review application was filed in appellate tribunal against appellate tribunal decision by Executive Director-SECP that was rejected by registrar appellant tribunal SECP and matter has therefore attained finality and therefore the management company of the fund has accrued the management fee as per regulation 63 of Non-Banking Finance Companies and Notified Entities Regulation 2008 and approval of Securities and Exchange Commission of Pakistan.

#### **Acknowledgement**

The Directors wish to express their gratitude to the Securities & Exchange Commission of Pakistan and other regulatory bodies for their valuable support, assistance and guidance during these times of recovery.

The Board also thanks the employees of the Asset Management Company, the Trustee, the Registrar and Shariah Advisors for their dedication and hard work and the unit holders for their confidence in the Management.

These condensed interim financial statements are unaudited. Accordingly, the Directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

**For and on behalf of the  
Board of Directors**

**Chairperson**

**March 11, 2016  
Karachi.**

**CENTRAL DEPOSITORY COMPANY  
OF PAKISTAN LIMITED**

**Head Office**

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**TRUSTEE REPORT TO THE UNIT HOLDERS**

**DAWOOD ISLAMIC FUND**

**Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies  
and Notified Entities Regulations, 2008**

As mentioned in our Trustee Report for the period ended June 30, 2015, the operations of Dawood Islamic Fund (Fund) were suspended from March 22<sup>nd</sup> 2013 based on SECP Order # SCD-SD (Enf.)/KHI/DCML2013/061 dated March 22, 2013 in pursuance to a show cause notice issued on November 08, 2012 for violation of NBFC Regulation, 2008. Further, we being Trustee were also directed through the same order to extinguish/revoke the Fund in the best interest of unit holders under the Regulation 45A(1)(f) and the Regulation 45A(1)(c) of NBFC Regulation.

We being the Trustee of the Fund started the revocation process as per Regulation 45(B) of NBFC Regulations on March 25, 2013 and made partial payments to unit holders. Subsequently, Dawood Capital Management Limited obtained stay order from the Honorable Islamabad High Court directing the SECP to decide appeal and desist from taking any action pursuant to the Impugned Order including any action against the property & assets (collective investment scheme). Based on the said order, the revocation activities were kept on hold and status-quo of the Fund was maintained.

On January 22, 2015, an Appellate Bench of SECP issued an Appellate Order which set aside the aforesaid Impugned Order and on October 14, 2015, SECP directed DCML to provide timeline for announcement of NAV of the Fund. Since then the Fund has undergone restoration process for which modus operandi has already been finalized as per the directions of SECP.

The requirement of Regulation 54 (3a) of NBFC Regulation, 2008 which categorically specifies that minimum size of Open End Scheme should be Rs.100 Million at all times during the life of the scheme has not been complied with as at December 31, 2015. However, DCML has assured that this particular requirement shall be taken care of on post facto basis i.e. upon restoration of Fund to the extent of maintaining the minimum fund size.

As per the financial statements for the period ended December 31, 2015 amount payable to Management Company include Rs.1.619 million being management fee for the period March 22, 2013 to January 22, 2015 during which the Fund remained suspended as briefly stated above. SECP has directed DCML to provide justification for charging management fee for the said period. However, payment will be made to DCML subject to approval of SECP. Furthermore, the Auditors have also qualified their audit report for the period ended December 31, 2015 on the said matter.

  
**Muhammad Hanif Jakhura**  
Chief Executive Officer  
Central Depository Company of Pakistan Limited

Karachi, February 23, 2016





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## AUDITORS' REPORT TO THE UNIT HOLDERS ON REVIEW OF INTERIM FINANCIAL INFORMATION

### Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Dawood Islamic Fund as at 31 December 2015 and the related condensed interim statements of income, comprehensive income, distribution, cash flows and movement in unit holders' fund, together with the notes forming part thereof (here-in-after referred to as "interim financial information") for the six-months' period then ended. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting. Our responsibility is to express a conclusion on this interim financial information based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan for interim financial reporting.

### Emphasis of Matter

We draw attention to:

- (a) note 1.2 to the interim financial information, as more fully explained in the said note, the net asset of the Fund are below the minimum requirement of Rs. 100 million as prescribed by Regulation 54 of NBFC Regulation 2008. Further a unit holder holds 35% of the units of the Fund as of 31 December 2015. In case of redemption of units, the Fund's net assets will fall significantly. The Management Company has confirmed that it will extend its financial support to the Fund to maintain minimum Fund balance of Rs. 100 million.
- (b) note 1.3 to the interim financial information which explains that operations of the Fund were suspended for the period from 22 March 2013 to 22 January 2015. Further, note 1.4 to the interim financial information explains that the management company of the Fund was not able to comply with various regulatory requirements since the operations of the Funds were suspended. The management company of the Fund intends to seek SECP's guidance on all the outstanding regulatory compliance issues to determine a timeline for the resolution of the same.



(c) note 6 to the interim financial information which explains the matter regarding accrual and payment of management fee during the period the operations of the Fund were suspended.

Our conclusion is not qualified in respect of above matters.

*Omer Chughtai for Roshni Siddiqui*  
Chartered Accountants

Engagement Partner: Omer Chughtai

Date: 11 March 2016

Place: Karachi





**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT DECEMBER 31, 2015**

		31 December 2015	30 June 2015
		-----Rupees----- (Un-Audited)	(Audited)
<b>Assets</b>			
Bank Balances	4	80,951,239	72,895,609
Investments	5	-	-
Advance Income Tax		150,000	-
Profit Receivable		705,292	961,100
<b>Total Assets</b>		<b>81,806,531</b>	<b>73,856,709</b>
<b>Liabilities</b>			
Payable to Management Company	6	4,050,737	3,363,774
Payable to Trustee		2,035,142	1,633,961
Annual Fee Payable to Securities and Exchange Commission of Pakistan		267,812	234,911
Accrued Expenses and Other Liabilities	7	4,836,818	4,484,354
<b>Total Liabilities</b>		<b>11,190,509</b>	<b>9,717,000</b>
<b>Net Assets</b>		<b>70,616,022</b>	<b>64,139,709</b>
<b>Unit Holders' Fund</b>		<b>70,616,022</b>	<b>64,139,709</b>
<b>Number of Units in Issue</b>		<b>245,176</b>	<b>245,176</b>
<b>Net Asset Value Per Unit- Rupees</b>		<b>288.02</b>	<b>261.61</b>
<b>Contingencies and Commitments</b>	8		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

Note	Half Year Ended 31 December		Quarter Ended 31 December	
	2015	2014	2015	2014
-----Rupees-----				
<b>Income</b>				
Profit on Bank Balances and Sukuks	9	2,278,633	3,410,806	1,065,597
Reversal of Impairment in the Value of Available For Sale Investments – Net		5,714,286	-	2,857,143
<b>Total Income</b>		7,992,919	3,410,806	3,922,740
<b>Expenses</b>				
Remuneration of Management Company		519,482	463,665	264,791
Sales Tax on Management Fee		84,364	80,678	43,002
Fed on Management Fee	10	83,117	74,186	42,366
Remuneration of Trustee		351,913	350,000	175,457
Sales Tax on Trustee Fee		49,268	-	24,564
Annual Fee of Securities and Exchange Commission of Pakistan		32,901	29,365	16,801
Auditors' Remuneration		225,000	175,000	140,000
Bank Charges		561	-	331
Printing Charges		150,000	50,000	100,000
Worker's Welfare Fund	7.1	-	43,358	-
Fee and Subscription		20,000	20,000	10,000
<b>Total Expenses</b>		1,516,606	1,286,252	817,312
<b>Net Income From Operating Activities</b>		6,476,313	2,124,554	3,105,428
Element of Income and Capital Gain in Prices of Units Sold Less Those in Units Redeemed - Net		-	-	-
		6,476,313	2,124,554	3,105,428
Taxation		-	-	-
<b>NET INCOME FOR THE PERIOD</b>		<b>6,476,313</b>	<b>2,124,554</b>	<b>3,105,428</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)**  
**FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half Year Ended 31 December		Quarter Ended 31 December	
	2015	2014	2015	2014
	-----Rupees-----			
Net income for the Period	6,476,313	2,124,554	3,105,428	1,072,957
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income for the Period</b>	<b>6,476,313</b>	<b>2,124,554</b>	<b>3,105,428</b>	<b>1,072,957</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	<b>Half Year Ended 31 December</b>		<b>Quarter Ended 31 December</b>	
	<b>2015</b>	<b>2014</b>	<b>2015</b>	<b>2014</b>
	-----Rupees-----			
Undistributed Income Brought Forward				
- Realized	<b>39,622,087</b>	35,797,425	<b>42,992,972</b>	36,849,022
- Unrealized	-	-	-	-
	<b>39,622,087</b>	35,797,425	<b>42,992,972</b>	36,849,022
Net Income for the Period	<b>6,476,313</b>	2,124,554	<b>3,105,428</b>	1,072,957
Final Distribution for the Year Ended Ended 30 June 2015, 2014 & 2013 - Note 13	-	-	-	-
Undistributed Income Carried Forward	<b>46,098,400</b>	37,921,979	<b>46,098,400</b>	37,921,979
<b>Represented By:</b>				
- Realized	<b>46,098,400</b>	37,921,979	<b>46,098,400</b>	37,921,979
- Unrealized	-	-	-	-
	<b>46,098,400</b>	37,921,979	<b>46,098,400</b>	37,921,979

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

Note	Half Year Ended 31 December		Quarter Ended 31 December	
	2015	2014	2015	2014
Rupees				
<b>Cash Flows From Operating Activities</b>				
Net Income for the Period	6,476,313	2,124,554	3,105,428	1,072,957
<b>Adjustments For:</b>				
Reversal for Impairment in the Value of				
Investments Classified as Available For Sale – Net	(5,714,286)	-	(2,857,143)	-
	762,027	2,124,554	248,285	1,072,957
<b>Decrease/(Increase) in Assets</b>				
Investments	5,714,286	-	2,707,143	-
Profit Receivable	255,808	(219,289)	75,650	(61,236)
Advance Income Tax	(150,000)	-	-	-
	5,820,094	(219,289)	2,782,793	(61,236)
<b>(Decrease)/Increase in Liabilities</b>				
Payable to Management Company	686,963	618,529	350,159	312,566
Payable to Trustee	401,181	350,000	200,021	175,000
Annual Fee Payable to Securities & Exchange				
Commission of Pakistan	32,901	29,365	16,801	14,839
Accrued Expenses and Other Liabilities	352,464	288,358	238,464	146,897
	1,473,509	1,286,252	805,445	649,302
Cash Dividend Paid	-	-	-	-
<b>Net Cash Inflow From Operating Activities</b>	<b>8,055,630</b>	<b>3,191,517</b>	<b>3,836,523</b>	<b>1,661,023</b>
Net Increase in Cash and Cash Equivalents for the Period	8,055,630	3,191,517	3,836,523	1,661,023
Cash and Cash Equivalents at Beginning of the Period	72,895,609	66,414,182	77,114,716	67,944,676
Cash and Cash Equivalents at End of the Period	4 <u>80,951,239</u>	<u>69,605,699</u>	<u>80,951,239</u>	<u>69,605,699</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT IN UNIT HOLDERS' FUND (UN-AUDITED)  
FOR THE HALF YEAR AND QUARTER ENDED DECEMBER 31, 2015**

	Half Year Ended 31 December		Quarter Ended 31 December	
	2015	2014	2015	2014
	-----Rupees-----			
Net Assets at Beginning of the Period	64,139,709	60,315,047	67,510,594	61,366,644
Issue of Nil Units	-	-	-	-
Redemption of Nil Units	-	-	-	-
	-	-	-	-
Element of Income and Capital Gain in Prices of Units Sold Less Those in Units Redeemed - Net	-	-	-	-
Net Income for the Period	6,476,313	2,124,554	3,105,428	1,072,957
Other Comprehensive Income	-	-	-	-
	6,476,313	2,124,554	3,105,428	1,072,957
<b>Net Assets at End of the Period</b>	<b>70,616,022</b>	<b>62,439,601</b>	<b>70,616,022</b>	<b>62,439,602</b>
<b>Net Assets Value Per Unit at the Beginning of the Period</b>	<b>261.61</b>	<b>246.01</b>	<b>261.61</b>	<b>250.30</b>
<b>Net Assets Value Per Unit at the End of the Period</b>	<b>288.02</b>	<b>254.67</b>	<b>288.02</b>	<b>254.67</b>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Director

Chief Executive Officer

Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE HALF YEAR ENDED DECEMBER 31, 2015**

**1. LEGAL STATUS AND NATURE OF BUSINESS**

- 1.1** Dawood Islamic Fund (the Fund) is an open-ended mutual fund listed on the Karachi Stock Exchange. The Fund was established under a Trust Deed executed on 13 September 2006 between Dawood Capital Management Limited (DCML) as Management Company and Central Depository Company of Pakistan (CDC) as Trustee. The Securities and Exchange Commission of Pakistan (SECP) approved the appointment of Trustee and granted license to the Management Company of the Fund to act as an Asset Management Company. Registered office of the Management Company is situated at 5B Lakson Square Building # 1, Sarwar Shaheed Road, Karachi, Pakistan.

The Fund is an open-ended mutual fund and is listed on Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.

The Fund is categorized as an open ended Shariah Compliant asset allocation scheme. The principal activities of the Fund are to make investment in equity and debts securities which are Shariah Compliant and approved by the Shariah Advisors. Titles to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

Asset Manager Rating (AMR) of Management Company is 'AM3-' (2012: AM3-) and that of Fund is A-(f) (2012: A-(f)) rated by Pakistan Credit Rating Agency (PACRA) before suspension of the Fund.

- 1.2** As per Regulation 54 clause 3(a) of the NBFC Regulations, 2008, the minimum size of the Open End Schemes shall be one hundred million rupees at all time during the life of the scheme. The net assets of the Fund stood at 70.62 million as at 31 December 2015. Further, B.R.R Guardian (a related party) held 85,105 units (35% of the units) of the Fund as at that date. In case of redemption of units by the Modaraba, the net assets of the Fund will fall significantly. The Management Company has confirmed that it will extend its financial support to the Fund to maintain minimum fund balance of Rs.100 million.

**1.3 Suspension Of The Fund During The Period From 22 March 2013 to 22 January 2015**

The operations of the Fund were suspended from 22 March 2013 to 22 January 2015 by SECP vide order number SCD-SD (Enf.)/KHI/DCML/2013/61 in pursuance to a show cause notice issued on 8 November 2012 for violation of Regulation 38(a) and Regulation 38(n) of the Non-Banking Finance Companies and Notified Entities Regulation 2008 (NBFC Regulations). Further Securities and Exchange Commission of Pakistan (SECP), cancelled the license of DCML to undertake the business of Asset Management Services and Investment Advisory Services and trustees were directed to extinguish/revoke the Fund in the interest of unit / certificate holders.

DCML filed an appeal before the appellant bench of the SECP against the above suspension of the Fund and the cancelation of the license to undertake the business of Asset Management Services and Investment Advisory Services on the grounds that the above actions of the SECP were taken without lawful authority and jurisdiction. Subsequently, on 22 January 2015 the appeal was decided in favour of DCML by the appellant bench.

Based on the above, DCML is authorized and licensed to undertake Asset Management Services and Investment Advisory Services. DCML has recommenced the operations of the Fund.

- 1.4** Due to suspension of operations of the Fund from 22 March 2013 to 22 January 2015, DCML was not able to comply with various requirements of the NBFC Rules, NBFC Regulations and other regulatory requirements. SECP vide its letter No. SCD/AMCW/DCML/151/2015 dated 05 November 2015 advised DCML to submit documents/information showing Board of Directors approved commitment along with timelines to comply with regulatory non-compliances. The Board is fully committed to comply with the regulatory requirements. The Fund intends to seek SECP's guidance on all outstanding compliance issues to determine a timeline for the resolution of the same.

**2.1 Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan for interim financial reporting, the Trust Deed, the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives



issued by SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirement of Trust Deed, the NBFC Rules, the NBFC Regulations or the requirement of said directives prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2015.

These condensed interim financial statements are unaudited but subject to limited scope review by the auditors. Accordingly, the Directors of the Management Company declare that these condensed interim financial statements give a true and fair view of the Fund.

## 2.2 Basis of Measurement

These condensed interim financial statements have been prepared under the historical cost convention except for investments.

## 2.3 Functional and Presentation Currency

These condensed interim financial statements have been presented in Pakistan Rupees which is the functional and presentation currency of the Fund and have been rounded off to the nearest rupee.

## 3. Accounting Policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of previous financial year, except as follows:

### New/Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IFRS 10 – Consolidated Financial Statements  
IFRS 11 – Joint Arrangements  
IFRS 12 – Disclosure of Interests in Other Entities  
IFRS 13 – Fair Value Measurement

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

		31 December 2015	30 June 2015
		-----Rupees-----	
	Note	(Un-Audited)	(Audited)
<b>4. BANK BALANCES</b>			
PLS Savings Accounts	4.1	80,925,749	70,370,119
Current Account		25,490	2,525,490
		<u>80,951,239</u>	<u>72,895,609</u>

4.1 This represents savings accounts maintained with various Islamic banks or Islamic division of conventional banks carrying profit rates ranging from 3.5% to 6.5% (2015: 5% to 8%) per annum.

		31 December 2015	30 June 2015
		-----Rupees-----	
	Note	(Un-Audited)	(Audited)
<b>5. INVESTMENTS</b>			
<b>Available for sale Security</b>			
Unlisted Debt Securities-Sukuks	5.1	-	-



## 5.1 Unlisted Debt Securities - sukuks

Name of Security	Note	<-----Number of Certificates----->					<-----R u p e e s----->					Percentage of Total Investment on the Basis of Carrying Value	Percentage of Net Assets on the Basis of Carrying Value
		As at 1 July 2015	Purchased During the Period	Sold During the Period	Matured During the Period	At 31 December 2015	Cost as at 31 December 2015	Market Value 31 December 2015	Impairment Loss	Rate Return Per Annum			
Pak Elektron Ltd. (28-09-07)	5.1.1	8,000	-	-	-	8,000	11,565,819	-	(11,565,819)	1.75% + 3 MK	-	-	
New Allied Electronics Industries Ltd. (03-12-07)	5.1.2	1,000	-	-	-	1,000	5,027,500	-	(5,027,500)	2.2% + 3 MK	-	-	
							16,593,319		(16,593,319)				

**5.1.1** Pak Electron Limited (PEL) defaulted on the installment due on 28 December 2011 as per the restructured agreement. Consequently, the security was classified as non-performing by MUFAP on 13 January 2012 and accrual on the same was suspended. Accordingly, a provision of Rs. 11.565 million ( 100%) has been created and the accrual of income has been suspended in line with SECP Circular No. 1 of 2009.

**5.1.2** New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on 27 October 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual on the same was suspended. Accordingly, a provision of Rs. 5.028 million ( 100%) has been created and the accrual of income has been suspended in line with SECP Circular No. 1 of 2009.

## 5.2 Details of Non Compliant Investments Under SECP Circular No. 16 dated 07 July 2010 are as Follows:

Circular no. 16 dated 07 July 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified by the category assigned to open-end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in these condensed interim financial statements of the Fund. Details of such non-compliant investments are given below:

Name of Non-Compliant	Type	Value of Investment	Provision Held	Value of	Percentage	Percentage	Remarks
		-----Rupees-----					
Pak Elektron Limited (28-09-07)	Sukuk	11,565,819	11,565,819	-	-	-	Non-compliant Investment Due to Credit rating Less then Required as per SECP Circular No.7 of 2009.
New Allied Electronic Industries Limited (03-12-07)	Sukuk	5,027,500	5,027,500	-	-	-	

At the time of purchase/investment, the TFCs and Sukuks were in compliance with the investment requirement of the Constitutive Documents and investment restriction parameters laid down in NBFC Regulations or NBFC Rules. However, subsequently they were defaulted or downgraded to non investment grade or became non-compliant with investment restrictions parameters laid down in NBFC Regulations or NBFC Rules and with the requirements of Constitutive Documents.

## 6. PAYABLE TO MANAGEMENT COMPANY

As disclosed in note 1.3 to the condensed interim financial statements, the operations of the Fund were suspended for the period from 22 March 2013 to 22 January 2015. Trustees of the Fund sought guidance regarding charging of management fee for this period from SECP and in response SECP allow the Fund to accrue management fee in its condensed interim financial statements. However, payment of the same shall be made after SECP's approval. The management fee charged by DCML from 22 March, 2013 to 22 January 2015, falling with in the suspension period, amounts to Rs. 1.623 million. Had such management fee not been charged in the condensed interim financial statements, the net assets value per unit as at year end would have been higher by Rs. 8.653.

7. ACCRUED EXPENSE AND OTHER LIABILITIES	Note	31 December 2015	30 June 2015
		-----Rupees-----	
		(Un-Audited)	(Audited)
Other Liabilities		<b>1,039,576</b>	912,112
Audit Fee Payable		<b>1,444,600</b>	1,219,600
Workers' Welfare Fund	7.1	<b>2,352,642</b>	2,352,642
		<b>4,836,818</b>	<b>4,484,354</b>



**7.1** There is no change in status of the petition pending with the Honourable Sindh High Court as reported in note 11 to the annual financial statements of the Fund for the year ended 30 June 2015.

The Fund maintained a provision for WWF as on 31 December 2015 amounting to Rs.2.353 million (June 30, 2015: Rs. 2.353 million). Had the provision not been made, the net assets value per unit of the Fund would have been higher by Rs.9.6 (30 June 2015: Rs. 9.6) per unit.

## 8. CONTINGENCIES AND COMMITMENTS

There were no contingency and commitment as at 31 December, 2015.

## 9. PROFIT ON SUKUKS AND BANK BALANCES

	31 December 2015	30 June 2015
	-----Rupees-----	
	(Unaudited)	(Audited)
Income from Bank Balances	1,486,461	2,381,558
Income from Sukuks	792,172	1,029,248
	<u>2,278,633</u>	<u>3,410,806</u>

## 10. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective 13 June 2013. DCML is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, does not appear to be the spirit of the law. The matter has been collectively taken up by the Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) in September 2013 which is pending adjudication.

However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax on service thereon in these condensed interim financial statements.

## 11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons of the fund include the management company, other collective investment schemes being managed by the management company, the trustee, directors and key management personnel's, other associated undertakings and unit holders holding more than 10 % units.

Remuneration payable to the management company and trustee is determined in accordance with the provisions of the NBFC Regulation, 2008 and the trust deed respectively. Details of transactions with related parties and balances with them at the period end are as follows:

The transactions with related parties are in then normal course of business, at contracted rates and terms determined in accordance with market rates.

**11.1** Details of transactions and balances at period end with related parties/connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	For the Half-Year Ended 31 December 2015 (Un-Audited)		For the Period Ended 30 June 2015 (Un-Audited)	
Units Held By:	(Units)	(Rupees)	(Units)	(Rupees)
<b>Unit Holders Holding More Than 10%</b>				
B.R.R Guardian Modaraba	85,104	24,511,920	85,104	22,263,891
First Dawood Investment Bank				
Employees Provident Fund	31,682	9,125,061	31,682	8,288,186
Florence Villiers	27,676	7,971,298	27,676	7,240,237



	31 December 2015	30 June 2015
	-----Rupees-----	
	(Un-Audited)	(Audited)
<b>Dawood Capital Management Limited</b>		
Balance as at 01 July	3,363,774	2,114,176
Remuneration for the Period Including Sales Tax & FED	686,963	1,249,598
Balances as at Period Ended	<u>4,050,737</u>	<u>3,363,774</u>
<b>Central Depository Company of Pakistan Limited – Trustee</b>		
Balance as at 01 July	1,633,961	933,961
Remuneration for the Period Including Sales Tax	401,181	700,000
Balances as at Period Ended	<u>2,035,142</u>	<u>1,633,961</u>
<b>Dawood Global Foundation – Charity</b>		
Investment at Period End	956,915	869,154
Units Held (Number of Units)	3,322	3,322
<b>Dawood Family Takaful Limited - Employees' Provident Fund</b>		
Investment at Period End	796,638	723,577
Units Held (Number of Units)	2,766	2,766
<b>Directors, Officers and Connect Persons of the Management Company</b>		
Investment at Period End	15,580,235	14,151,346
Units Held (Number of Units)	54,094	54,094

## 12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue on March 11, 2016 by the Board of Directors of the Management Company.

## 13. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on March 11, 2016 approved cash/bonus distribution of 14.0397 per unit (2014: 24.5591 per unit) for the Fund under its management for the year ended 30 June 2015. The condensed interim financial statements for the period ended 31 December 2015 do not include the effect of the distributions for the year ended 30 June 2013, 30 June 2014 and 30 June 2015 which will be accounted for in the financial statements for the year ending 30 June 2016.

## 14. GENERAL

**14.1** Figures of condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended 31 December 2015 have not been subject to limited scope review by the auditors.

**14.2** Certain prior period's/year's figures have been reclassified wherever necessary for the purpose of comparison. However, there was no material reclassification to report.

**14.3** Figures have been rounded off to the nearest rupee.

For Dawood Capital Management Limited  
(Management Company)

Director

Chief Executive Officer

Director



**BOOK POST**



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