



**DAWOOD**

**Dawood Capital Management Ltd.**

**ANNUAL REPORT  
2012**

## CONTENTS

Corporate Information	2
Mission/Vision Statement	3
Board of Directors	4
Key Management Personnel	5
Notice of Meeting	6
Financial Highlights	7
Directors' Report	8
Special Message from Finance Minister of Pakistan	15
LADIESFUND <sup>®</sup> Woman of the Year 2012	16
4th LADIESFUND <sup>®</sup> Women's Awards	17
2 <sup>nd</sup> LADIESFUND <sup>®</sup> Entrepreneurship Conference	18
LADIESFUND <sup>®</sup> Scholarships	19
LADIESFUND <sup>®</sup> Press Clippings	20
Statement of Compliance with the Code of Corporate Governance for the Year Ended June 30, 2012	21
Review Report to the Members on Statement of Compliance with the Best Practices of the Code of Corporate Governance	23
Auditors' Report to the Members	24
Balance Sheet	25
Profit & Loss Account	26
Statement of Comprehensive Income	27
Cash Flow Statement	28
Statement of Changes in Equity	30
Notes to the Financial Statements	31
Pattern of Shareholding	49
Form of Proxy	51



## CORPORATE INFORMATION

---

<b>Board of Directors</b>	<b>Mrs. Shafqat Sultana</b> <b>Miss Tara Uzra Dawood</b> <b>Mr. Masood A. S. Wahedna</b> <b>Mr. Nazimuddin Feroz</b> <b>Syed Shabahat Hussain</b> <b>Mr. Gul Nawaz</b>	Chairperson Chief Executive Officer Director (Nominee of BoK) Director (Nominee of BRRGM) Director (Nominee of NIT) Director
<b>Chief Financial Officer &amp; Company Secretary</b>	<b>Syed Kabiruddin</b>	
<b>Head of Internal Audit &amp; Compliance Officer</b>	<b>Mr. Muhammad Farooq</b>	
<b>Audit Committee</b>	<b>Mr. Gul Nawaz</b> <b>Mr. Masood A. S. Wahedna</b> <b>Syed Shabahat Hussain</b>	Chairman Member Member
<b>Human Resource Committee</b>	<b>Mrs. Shafqat Sultana</b> <b>Mr. Gul Nawaz</b> <b>Miss Tara Uzra Dawood</b>	Chairperson Member Member
<b>Auditors</b>	<b>BDO Ebrahim &amp; Co.</b> Chartered Accountants	
<b>Legal Adviser</b>	<b>Rauf &amp; Ghaffar Law Associates Advocates</b> Suite No. 65, 5th Floor, Fareed Chamber, Abdullah Haroon Road, Saddar, Karachi-75530.	
<b>Banker</b>	Habib Metropolitan Bank Limited Burj Bank Limited Bank AL Habib Limited Oman International Bank S.A.O.G.	
<b>Registered Office</b>	5B Lakson Square Building #1 Sarwar Shaheed Road Karachi 74200 Tel: (92-21) 3562-1001-7 Fax: (92-21) 3562-1010 E-mail: dcm@edawood.com Website: www.edawood.com	
<b>Registrars</b>	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor, Saima Trade Tower - A, I. I. Chundrigar Road Karachi 74000	
<b>Rating</b>	PACRA: AM3-	

## Mission/Vision Statement

To Be The Prominent Funds Manager That  
Adds Value For Stakeholders Through  
Innovative And Responsible Management

## BOARD OF DIRECTORS

---



**Mrs. Shafqat Sultana - Chairperson**

Mrs. Sultana is the President and CEO of First Women Bank Limited. She has 37 years of professional banking experience. She is a Master of Political Sciences from Peshawar University. She is a great supporter for Women and Social Responsibility in Pakistan.



**Mr. Gul Nawaz - Director**

Mr. Nawaz is CEO of Peridot Products (Pvt) Limited, a FMCG company engaged in manufacturing and marketing of world renowned KIWI and locally famous GLINT brand products. Previously, he served the National Investment Trust Limited, the biggest Asset Management Company in Pakistan at various positions in Asset Management Area. He has extensive experience in equity trading and research. Further he well served the corporate sector as Non-Executive Director on the Board of Directors of leading listed public limited companies.



**Mr. Masood A. S. Wahedna - Director**

Mr. Masood has a vast local and global experience of managing and running Treasury and FI Desk currently holding the position of Divisional Head, Treasury & Investments at The Bank of Khyber. Prior joining Bank of Khyber, he had an experience as a Head of Trading at Global Capital Partners FZ LLC and Manager Treasury at ORIX Investment Bank Ltd.



**Mr. Nazimuddin Feroz - Director**

Mr. Feroz is a highly experienced Industrialist. He has worked as Director for Efroze Chemical Industries and Maple Pharmaceutical (Pvt.) Ltd., since inception. He has also worked as registered partner for several other firms.



**Syed Shabhat Hussain - Director**

Syed Shabhat Hussain is a Master in Business Administration in Banking & Finance. He is Fellow member of Institute of Marketing Management, Institute of Chartered Secretaries, and Institute of Chartered Managers. Mr. Hussain has over 40 years extensive domestic and international banking experience in various field.



**Ms. Tara Uzra Dawood - Chief Executive Officer**

Ms. Dawood holds a Doctorate in Judicial Science from Harvard Law School, Bachelor of Arts Honors from Cornell University and Oxford University and is a specialist in mergers and acquisitions and corporate law, as well as responsible investments. She worked for law firms in New York, Toronto, Amsterdam, Brussels and California before launching DCM in 2003. She is on the Board of Directors of MUFAP and has also been appointed to the Faculty at Danube University Krems (Austria) as recommended by IIFA and EBAMA. She speaks globally at numerous international mutual fund and banking conferences as an authority on shariah-compliant finance as well as finance for women.

## KEY MANAGEMENT PROFILE

---



**Ms. Tara Uzra Dawood - Chief Executive Officer**

Ms. Dawood holds a Doctorate in Judicial Science from Harvard Law School, Bachelor of Arts Honors from Cornell University and Oxford University and is a specialist in mergers and acquisitions and corporate law, as well as responsible investments. She worked for law firms in New York, Toronto, Amsterdam, Brussels and California before launching DCM in 2003. She is on the Board of Directors of MUFAP and has also been appointed to the Faculty at Danube University Krems (Austria) as recommended by IIFA and EBAMA. She speaks globally at numerous international mutual fund and banking conferences as an authority on shariah-compliant finance as well as finance for women.



**Syed Kabiruddin - CFO & Company Secretary**

Syed Kabiruddin is qualified Cost & Management Accountant and Corporate Secretary. He has over 21 years of professional experience including 16 years of post qualification experience. His core responsibilities include Financial Management & Reporting, Taxation, Finalization of Accounts and Budgeting and Secretarial work.



**Mr. Muhammad Farooq - Head of Internal Audit & Compliance Officer**

Mr. Muhammad Farooq is a Bachelor of Commerce from Karachi University and has 15 years of professional experience. His areas of expertise include Corporate Affairs, Non-Banking Financial Companies and Notified Entities Regulations, Code of Corporate Governance, Finalization of Accounts, Budgeting and Reporting.



**Mr. Muhammad Abbas - Fund Manager Fixed Income**

Mr. Muhammad Abbas is Master of Business Administration (Finance) with well over 14 years of professional experience in financial institutions with 7 years in Asset Management Industry. He is associated with FDG for over 13 years. His expertise include management of fixed income & Money Market portfolios of the funds.



**Mr. Muhammad Aslam - Fund Manager Equity**

Mr. Aslam has a vast experience of over 26 years in the stock markets with 8 years of equity portfolio management. Prior to joining DCM, he has worked with renowned houses.



**Mr. Mustansir Shabbar - Head of Customer Services**

Mr. Mustansir is Master of Computer Science and Master of Public Administration (Finance) from Karachi University and associated with DCM for over 8 years. He has expertise in customer services and working as a key member for every DCM Funds since inception.



**Mr. Irfan Abdullah - Head of Information Technology**

Mr. Irfan is Masters in Information Technology from Hamdard University and Microsoft Certified in Enterprise Administration with over 11 years of professional experience in managing IT infrastructures. His expertise is Networking, Data Communication, Business Continuity Planning and Recovery.



## NOTICE OF ANNUAL GENERAL MEETING (AGM XXI)

Notice is hereby given that the 21st AGM of the shareholders of the Company will be held on Thursday October 18, 2012 at 09:00 a.m. at the registered office at 5B, 5th Floor, Lakson Square Building #1, Sarwar Shaheed Road, Karachi to transact the following business:

### Ordinary Business:

1. To confirm the Minutes of 20th AGM held on October 17, 2011.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2012 together with Directors and Auditors Reports thereon.
3. To re-appoint the Auditors and fix their remuneration.
4. Any other Business with the permission of the Chair

By Order of the Board

September 27, 2012  
Karachi

Syed Kabiruddin  
Company Secretary

### Notes:

1. The share transfer books of the Company shall remain closed from October 12, 2012 to October 18, 2012 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at Office #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 a corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting.



## FINANCIAL HIGHLIGHTS

	2012	2011	2010	2009	2008	2007	2006	2005
	Rupees in Million							
Authorized Capital	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Paid-Up Capital	149.74	149.74	149.74	149.74	136.13	121.00	110.00	100.00
Shareholders' Equity	150.46	149.05	149.41	153.32	392.69	259.06	199.07	157.80
Total Assets	154.30	161.66	161.73	197.18	512.90	347.45	259.11	259.40
Short-Term Investment in Securities	4.97	4.81	5.72	32.04	267.78	131.56	105.01	223.46
Short-Term Investment in Deposits	-	-	-	-	15.00	-	-	15.00
Income From Investments	3.19	0.04	11.89	6.26	16.49	12.25	15.28	21.43
Management Fee	19.72	19.72	24.60	28.47	67.70	38.48	29.90	14.93
Other Income	3.90	2.22	4.90	2.72	0.45	0.54	0.40	6.85
Impairment Loss on Investment	(3.71)	(8.02)	(4.27)	(52.06)	-	-	-	-
Profit/(Loss) Before Taxation	1.08	(0.15)	(0.08)	(102.19)	23.86	42.67	42.65	21.11
Taxation	0.27	0.22	0.07	0.34	3.53	(1.27)	4.56	4.52
Profit/(Loss) After Taxation	0.81	(0.37)	(0.16)	(102.53)	20.33	43.94	38.09	16.59
Book Value Per Share	10.05	9.96	9.98	10.24	28.87	21.41	16.45	15.78
Earnings Per Share	0.05	(0.02)	(0.01)	(6.85)	1.49	3.63	3.15	1.51





## DIRECTORS' REPORT

The Board of Directors of Dawood Capital Management Ltd. ("DCM" or the "Company") is pleased to present the twentieth annual report and the audited financial statements of the Company for the year ended June 30, 2012. This Report presents the financial, operating and corporate social responsibility, performance of the Company and highlights the key business challenges faced by us during the year. Despite several challenges, DCM continued its journey of success and has emerged with a more progressive and dynamic outlook.

### Company Performance

	June 30, 2012	June 30, 2011
	.....Rupees.....	
Profit Earned on Investments	3,189,470	42,698
Management Fees	19,723,039	19,718,450
Other Operating Income	3,898,691	2,218,628
Gross Revenue	26,811,200	21,979,776
Administration and Operating Expenses	23,358,969	27,171,903
Financial Charges	2,263	6,981
Workers' Welfare Fund	21,534	-
Total Expenses	23,382,766	27,178,884
Share of Associates' Profit	1,362,610	13,075,947
Impairment Loss on Investments	(3,714,368)	(8,023,425)
Profit/(Loss) Before Taxation	1,076,676	(146,586)
Profit/(Loss) After Taxation	808,564	(365,585)

The Company's Net Profit during the period stood at Rs. 0.81 million as opposed to Net Loss Rs. 0.37 million in the same period last year. The total expenditures were reduced to Rs. 23.38 million in comparison to Rs. 27.18 million representing 13.97% reduction in Administrative and operating expenses. Share of Associates' Profit was Rs. 1.36 million as compared to Rs. 13.08 million in the same period last year. The aforementioned income is attributed primarily from the management fee of the Funds. In other words, the company's lean structure and care with expenditure ensured an increase in profits and thus your shareholder value, despite many industry challenges.

### Dividend

Based on the above, the Board of Directors of the Company has decided not to distribute any dividend to the shareholders for the year.

### Compliance with the Best Practices of the Code of Corporate Governance

The company complies with the "Code of Corporate Governance" (Code) contained in the listing regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Fund is managed in compliance with the best practices of Code. The directors of the Management Company hereby confirm the following as required by clause (xvi) of the Code:

- 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;
- Proper books of account of the listed company have been maintained;
- Appropriate accounting policies have been consistently applied in preparation of financial statements and accounting estimates are based on reasonable and prudent judgment;
- International Financial Reporting Standards, as applicable in Pakistan, have been followed in preparation of financial statements and any departures therefrom has been adequately disclosed and explained;
- The system of internal control is sound in design and has been effectively implemented and monitored with on going efforts to improve it further.
- There are no significant doubts upon the company's ability to continue as a going concern.
- There has been no material departure from the best practices of Corporate Governance, as detailed in the listing regulations.

## DIRECTORS' REPORT

---

- The Company has planned to conduct orientation course for its directors, where necessary, in the year future to appraise them with their duties and responsibilities.
- There are no statutory payment on account of taxes, duties, levies and charges outstanding.

### Trading in shares of the Company

---

During the year, no trading in the shares of the Company was carried out by the Directors, CEO, CFO, Company Secretary and their spouses of minor children.

### Credit Rating

---

The Pakistan Credit Rating Agency Limited (PACRA) assigned a rating of AM3-.

### Pakistan's Economy

---

The year started with the reduction of 50 basis points in discount rate by the new State Bank governor to boost the economy and further it scaled down 150 bps (total 200bps) due to less inflationary pressure to 12% in 1HFY12, to assist in boosting the private sector credit and investment. However, State Bank of Pakistan adopted a wait-and-see approach, keeping the discount rate unchanged in 2HFY12. On the macroeconomic front, inflation rose sharply during the first month of the new fiscal year with a YoY CPI inflation touching 13.8% but it reduced near to single digit by the end of the year at an average 11.0% YoY.

Net government borrowings from central bank to finance the budget deficit were at an all time high at Rs. 1.28tn in FY12. Major reasons owing to this high borrowing requirement were insufficient foreign inflows, escalating government expenditures, lower than targeted revenue collection, losses of Public Sector Enterprises and huge rupee subsidies. A greater reliance was put onto commercial banking sectors (56% of the total borrowing for budgetary support or Rs. 704bn) to gain financial support.

After reaching high Foreign exchange reserves depletion and bringing the local currency to a record low level as political environment continued to remain volatile - involving government, judiciary and military leadership especially the Prime Minister of Pakistan disqualified by the Supreme Court for not writing a letter to Swiss authorities for the re-opening of graft cases against the President.

The rupee continued to lose its value due to tense relations between Pakistan and United States coupled with the absence of sizeable foreign inflows along with government's inability to contain budget deficit kept pressure on the exchange rate. Tensions persisted between Pak-US relations that increased during the first half of the year after an incident took place on Pakistani check post at Pak-Afghan border. Pak-US relations were at their lowest ebb post the NATO supply routes closure in Nov-2011, which stalled the potential Coalition Support Fund and Kerry-Lugar Bill flows.

However, remittances once again reached a record high level this year too but exports fell short of target due to low demand in the euro zone. The country not only missed the exports target but also witnessed highest ever trade deficit of \$21.271 billion during the last fiscal year 2011-12. On the other hand, the imports of the country also witnessed a new height and amounted to \$44.912 billion in the July-June period of the last fiscal year 2011-12 as compared with imports of \$40.414 billion during the previous fiscal year 2010-11, indicating an increase of 11.13 percent. Fiscal side, on the other hand, has remained a cause of concern for the economic managers.

The unending gas and electricity crisis and overall law and order situation of the country downed the 2011-12 textile exports by 17.7 percent, in dollar terms by \$1.432 billion as compared to 2010-11 exports but with a substantial growth of over 78 per cent, raw cotton export has reached all time high mark of 1.66 million bales at the end of last fiscal year 2011-2012 (FY12) mainly due to bumper cotton crop in the country and high demand in the world market.

While global economic headwinds continued to drive the domestic macroeconomic outlook, a multitude of events in FY12, such as the 200bps reduction in benchmark interest rates, oil price weakness toward the end of the fiscal year and higher GDP growth (3.7% against the anticipated 3%) on better agri-produce, provided some good news in an increasingly challenging environment.

## DIRECTORS' REPORT

---

### Headline Inflation

---

According to Federal Board of Statistics, the average headline inflation at 11.0% in FY12 as compared to 13.7% in FY11, 1.0% below government's target of 12.0%. However, CPI ex food and energy inflation picked up, at 10.5% in FY12 as opposed to 9.4% in FY11.

The aforesaid decline in headline numbers was mainly driven by reduction in food prices due to better domestic supplies and a decline in international prices. CPI food inflation decelerated to 11.0% in FY12 compared to 18.0% increase in FY11. Other than food, a significant decline in house rent inflation, which has 21.8% weight in the CPI basket, also contributed to lower CPI in FY12.

Despite decline in house rent inflation, increase in core inflation represents substantial rise in prices of other goods and services. This shows 1) inflationary expectations are becoming entrenched in the economy; 2) lack of price controls which is also collaborated by significant difference between wholesale and retail prices of different goods.

The government projects headline inflation to further decline to 9.5% in FY13. However, we expect price pressures to persist in FY13 due to increase in electricity tariffs, rupee devaluation and demand effects of an expansionary fiscal policy. We expect FY13 inflation to at 10.0-11.0%.

At present, the government, due to its inability to access external sources and maintain fiscal discipline, has an insatiable funding demand from the local markets. Even the current level of interest rates has been maintained due to substantial government borrowing from SBP and liquidity injections in the banking system by the central bank. In our opinion, a change in government's fiscal stance, together with more balanced funding of the fiscal deficit, is a prerequisite for any further decline in domestic interest rates.

### Tax Collection

---

Tax collection remained a huge task and after setting a target of Rs.1952 billion at the start of the year the government remained short of around Rs.70 billion in tax collection. However this remained the highest tax collection by any government in history. Direct tax remained major source of FBR tax collection.

### Future Outlook

---

Pakistan's economy remains highly vulnerable because of continued security challenges, political uncertainty, worsened relationships between government and judiciary. Large fiscal deficits keep inflation high and limit growth, and the outlook for the short and medium term is not good. The media often focuses on the deteriorating security situation in Pakistan, but Pakistan's feeble economy may prove a more dangerous-but less visible-threat. While Pakistan was held decades ago as a shining example of economic progress in the developing world; its economy is now anemic, hobbled by a low savings rate, weak tax structure, a low investment in human capital, and the country's fraught political situation.

Moody's and Standard and Poor's (S&P) have reviewed Pakistan's current economic strength and future outlook and arrived at different conclusions. While Moody's downgraded Pakistan's sovereign credit rating by one notch, that is, from B3 to Caa1 with negative outlook, the S&P has maintained its previous rating for Pakistan at B-minus with stable outlook. Not surprisingly, Moody's also downgraded the ratings of five Pakistani commercial banks by one notch to B3 from B2 with negative outlook owing to their large exposure to government's debt securities.

This rating downgrade has severe economic implications. It will increase the confirmation charges of Letter of Credit thereby raising the cost of doing business in Pakistan. The cost of foreign and local currency borrowing is likely to rise with implications for debt-servicing. This entire cost is likely to be passed to the end consumers.

Going forward we believe in FY13 government borrowings requirement will mirror that witnessed in FY12. The government has set up a financing target of Rs. 1105bn in FY13. Domestic financing of estimated Rs. 484bn (or 43% of the total financing) will be raised through banks while Rs. 487bn or 44% (of the total financing) will be done through non-banks. The SBP has pushed for a net-zero financing from SBP, which we think would be overly optimistic to believe that

## DIRECTORS' REPORT

---

government will restore to such policy keeping in mind it has already Rs. 564bn standing in its account. Whereas on the external side, bleak outlook over external funds will be a major risk pertaining to domestic borrowing. IMF due payments will also be a risky factor which amounts to USD 1.5bn in FY13.

There is huge economic opportunity for Pakistan if reforms are enacted. However, consensus on these reforms seems to have fled Pakistan. There are two possible reasons for this lack of consensus; either there is an information deficit and leaders do not understand the value of these reforms for Pakistan as a whole, or one constituency in Pakistan is shifting costs onto another constituency.

Pakistan has abundant economic potential. It is located in an economically dynamic neighborhood, is ready to massively benefit from increased regional trade, and has the potential demographic dividend of a young population eager for employment.

Several policy changes could be enacted in both the short- and medium-term to return Pakistan to a path of upward growth. In particular, Pakistan would need to enact fiscal, financial sector, and structural reforms. If Pakistan was able to do so, it would be able to contain vulnerabilities and move the economy to high and inclusive growth.

Looking ahead, election year considerations (higher development spending, salaries, targeted subsidies, and slower progress in increasing power tariff) are expected to keep fiscal pressures intact. The current focus on elections by Pakistani politicians would make it difficult to enact reforms.

### Stock Market

---

KSE-100 ended off FY12 with a respectable 10.45% gain YoY, which positions it amongst the better-performing markets within regional peers. 1HFY12 saw the market lose 9.19% and then recover the same and more in 2HFY12 by 21.62%. Index rallied in the second half due to certain encouragement measures like the promulgation of the Capital Gain Tax Ordinance, reduction in discount rate by the central bank and SECP notification about relaxation in MTS rules. Volumes and FPIs, too, depicted a broadly similar trend, where the US\$32.2mn/day traded value of 1HFY12 was comfortably trumped by 2HFY12 traded value of US\$52.6mn/day. On FPIs (adjusting for Hubco sales of US\$61mn and US\$65mn in Oct and June, respectively), 7 months of outflows (total US\$97mn) were followed by 4 months of inflows (US\$78mn). Overall, FPI saw US\$63mn of outflows (US\$189mn incl Hubco) in FY12. The Pakistani Stock markets as compared with the other world indices performed reasonably well. Current government took steps to boost the confidence of the equity market investors.

While the market did enjoy a vibrant phase during 2HFY12, the vibrancy started to fade away toward the end of the year, due to 1) domestic politics, which saw the Prime Minister of Pakistan disqualified by the Supreme Court for not writing a letter to Swiss authorities for the re-opening of graft cases against the President; 2) a delay in re-setting of ties with the US, where the re-opening of NATO supply routes remained elusive, which, in turn, cast doubts over the outlook for expected sovereign flows and 3) dwindling macros most reflected in the currency weakness witnessed toward the end of the year.

### Foreign Direct Investment

---

Foreign direct investment (FDI) in Pakistan in FY12 showed a massive decline of 50.3% to \$812.6 million from \$1.634 billion the preceding year. Oil and gas exploration, petroleum refining, beverages, electrical machinery, automobiles, construction, and textiles sectors recorded higher growth in FDI. Nevertheless, foreign direct investment in telecommunications, power and financial sectors witnessed a negative growth.

### Debt Market Review

---

Similar to FY11, debt market remained under pressure throughout the FY12 also. Downgrading and downward valuation continues at MUFAP coupled with defaults of major investee companies led towards negative market sentiments. Also the pressured selling of debt scripts by mutual funds to meet liquidity requirements joined the party. These issues are still hampering the secondary market which leads towards the shaky investors' confidence on the Mutual Fund industry especially in income funds. With the launch of few money market and government securities funds with 70%-80% investments in sovereign issues, industry is now attracting new investors with consistent yields.

## DIRECTORS' REPORT

### Changes in Directors

A casual vacancy occurring on the board on February 17, 2011 is in the process as it needs prior approval of SECP as per NBFC Regulations to ensure the fit and proper criteria for director of NBFC.

Currently, the Company has six directors out of which five are non-executive directors.

### Board of Directors Meetings

During the year, five meetings were held. The attendance of each Director is as follows:

S. No.	Name	Designation	Entitlement to Attend Meeting	Leave of Absences
1.	Mrs. Shafqat Sultana *	Chairperson	2	1
2.	Ms. Tara Uzra Dawood	Chief Executive	5	-
3.	Mr. Gul Nawaz	Director	5	-
4.	Mr. Masood A. S. Wahedna	Director	5	2
5.	Syed Shabhat Hussain	Director	5	-
6.	Mr. Nazimuddin Feroz	Director	5	2

\* Appointed During the Year

### Audit Committee Meeting

During the year, four meetings were held. The attendance of each member is as follows:

S. No.	Name	Designation	Entitlement to Attend Meeting	Leave of Absences
1.	Mr. Gul Nawaz	Chairman	4	-
2.	Mr. Masood A. S. Wahedna	Member	4	2
3.	Syed Shabhat Hussain	Member	4	-

### Transaction with Connected Persons/Related Parties

All transactions between DCM and its connected persons/related parties are carried out on an arm's length basis and the relevant terms of the transactions are determined in accordance with the "comparable uncontrolled price method"(CUP).

### Human Resource Training and Development

Employees are an investment for the company. Hence, several significant initiatives have been taken during the year to improve upon the hiring including retention and work environment related issues, grooming of skills to match with the changing business needs, induction of qualified and experienced professionals. Training and Human Resource Development continues to be of prime importance in 2012-13.

### Information Technology

The IT department has been an integral department of the Organization. A cutting-edge computerized environment and efficient utilization of information technology has been the hallmark of your Company's policy.

The Company continuously invests in technology to improve internal decision-making operational efficiencies and the quality of service to customers.

## DIRECTORS' REPORT

---

The IT function besides creating an efficient IT environment in the organization also keeps abreast with the latest trends in information technology. In addition, the company continues to implement initiatives to reduce the usage of paper through the utilization of information technology as part of the company's long tenure objective to strive towards a paperless environment.

### Staff Retirement Benefits

---

DCM operates a provident fund scheme for all permanent employees. The value of investment to date is Rs. 6,874,207/- in the provident fund scheme.

### Auditors

---

The present Auditor, M/s BDO Ebrahim & Co., Chartered Accountants are due for retirement and being eligible, offer themselves for re-appointment. As required under the Code of Corporate Governance, The audit Committee of Management Company has recommended the appointment of BDO Ebrahim & Co., Chartered Accountants as auditors for the year ending June 30, 2013

### Risk Management

---

Risk taking is an integral part of any business and is rooted in the philosophy of risk versus reward, that is, higher the risk, greater the reward. Our fundamental objective is to maximize certificate holder's value, but this must be carried out in a clearly articulated risk tolerance framework.

DCM and its Funds are exposed to a variety of risks including credit, liquidity, interest rate, market risk and operational risk.

Our risk management policies and procedures ensure that risks are effectively identified, evaluated, monitored and managed. Risk management is a dynamic function and management must continuously monitor its internal risk procedures and practices in order to reduce earnings variability.

The Board has formed the following committees to manage the various types of risks exposed to the Company:

- Board's Audit Committee
- Investment Committee

### Statement of Ethics and Business Practices

---

The Board of Directors of DCM has adopted a statement of ethics and business practices. All employees are informed of this statement and are requested to observe these rules of conduct in relation to business and regulations.

### Key Financial Highlights

---

Key financial highlights are summarized and annexed to these financial statements.

### Pattern of Shareholding

---

The pattern of shareholding as on June 30, 2012 along with disclosure as required under the Code is annexed.

### Events after the Balance Sheet Date

---

There have not been any material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements.



*Annual Report 2012*

## DIRECTORS' REPORT

---

### Acknowledgement

---

In the end, we express our most sincere gratitude to our shareholders and valued customers for their continued trust and patronage and our valuable DCM team for their hard work and dedication, Regulatory Authorities particularly the Securities & Exchange Commission of Pakistan, Trustees and our Shariah Advisors for their continued professional guidance and support.

For and on behalf of the  
Board of Directors,

September 17, 2012  
Karachi.

Chairperson



## Special Message From Finance Minister of Pakistan



Dr. Abdul Hafeez Shaikh

Dawood Global Foundation, Dawood Capital Management Ltd. and LADIESFUND have done a remarkable job in bringing together Pakistani women who are making economic impact and providing entrepreneurship education and training through world class conferences; arranging networks for women professionals and entrepreneurs; providing internships and training opportunities for youth; arranging virtual mentorships in partnership with Cherie Blair Foundation for Women and Google; and recognizing the best at Awards. LADIESFUND Magazine, for women professionals and entrepreneurs, is also a key resource for today's Pakistani working woman.

LADIESFUND was also selected to host the world celebration of Commonwealth Business Women and LADIESFUND's nominations of women entrepreneurs to the AllWorld's Arabia500 and Pakistan100 ensure more Pakistani women winners than any other country in the world!

The education of Pakistani women and their continuing to work and contribute to the economy is not only critical to the quality of life of our citizens but in ensuring as a country Pakistan keeps up with the world.

The government will explore ways to support LADIESFUND Pakistan's first private equity fund for women. We are also happy to work with LADIESFUND to get more women on Board Seats of leading corporations across Pakistan including state-owned corporations.

I am delighted to learn about the formation of the LADIESFUND Women Who Matter group of 25 influential Pakistani women, who will be meeting with national and international leaders to discuss the role of Pakistani women in the Pakistan's economy and I am happy to accept invitation to the first roundtable.

Women's businesses are very important to Pakistan and their role will only grow with time. We the Government recognize and support this and are here to help you, work with you, together.

I would like to assure that the Government of Pakistan in general and Ministry of Finance in particular will support all endeavours and initiatives of LADIESFUND for the empowerment of women in Pakistan.

Finally, my congratulations to Ms. Tara Uzra Dawood and her team for their effort and success.



Dr. Abdul Hafeez Shaikh  
Minister for Finance, Revenue  
Economic Affairs, Statistics and  
Planning & Development

*Abstracts from a speech  
The Finance Minister sent on letterhead  
to LADIESFUND®*



LADIESFUND®

LADIESFUND® Woman of the Year 2012



SHARMEEN OBAID-CHINOY

*Disclosure: Sharmeen Obaid Chinoy is also a LADIESFUND® investor.*

4<sup>th</sup>  
*LADIESFUND*<sup>®</sup>  
WOMEN'S AWARDS

### IN RECOGNITION OF WOMEN ACHIEVEMENT

Dawood Capital Management Ltd., in partnership with Dawood Global Foundation, held the 4th LADIESFUND® Women's Awards at Mohatta Palace Museum during March, International Women's Month. 250 of the most dynamic and inspiring women in Pakistan were in attendance including Chief Guests Khushbakht Shujaat and Dr. Marilyn Wyatt, Lifetime Achievement Award winner Fatima Suraiya Bajia, Woman of the Year Oscar winner Sharmeen Obaid-Chinoy, Ameena Saiyid, Daulat Rahimtoolah, Safinaz Muneer & Sana Hashimi, et al. Also in attendance were British High Commissioner Adam Thompson and his wife Fariha, British Deputy High Commissioner Francis Campbell, US CG Bill Martin, Turkish CG Murat Onart, Italian Deputy CG Guilia Grandi, American Business Council President Saad Amanullah Khan, former State Bank Governor Dr. Ishrat Husain and Mr. & Mrs. Amjad (parents of Trailblazer posthumous award winner Arfa Kareem). Scholarships were also presented on stage to grassroots women Maheen Khan, Haniya Sheikh and Eman Mehmood to study at Iqra University.



2nd  
**LADIESFUND®**  
 ENTREPRENEURSHIP CONFERENCE

**EDUCATIONAL INITIATIVE**

Almost 600 people including dignities, celebrities, heads of corporates and students, attended the 2nd LADIESFUND® ENTREPRENEURSHIP CONFERENCE 2011 held at Avari Towers, Karachi, Pakistan.

Dawood Capital Management Ltd. was lead partner and sponsor of this Dawood Global Foundation initiative for women and youth entrepreneurial development. The other 65+ sponsors and partners included Khushhalibank Limited, First Women Bank Limited, Nokia Pakistan, GSK, Engro, Raintree Spa, Zerritta Flowers, Shamain, et al. This milestone event was moderated by Sidra Iqbal and featured inspiring panel style discussion by HSY, Naila Naqvi, Rohail Hyatt, Ayaz Khan, Wajeaha Malik, Naheed Mashooqullah and Zeenat Saeed Ahmed.



LADIESFUND®

2012 LADIESFUND® Scholarship Winners



Eman Mehmood



Maheen Khan



Haniya Shaikh



## PRESS CLIPPINGS





## STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2012

This statement is being presented to comply with the Code of Corporate Governance (the Code) contained in Regulation No. 35 of listing Regulations of Karachi 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 company encourages representation of independent non-executive directors on its board of directors. At present the board includes:

Category	Names
Independent Directors	1. Mrs. Shafqat Sultana 2. Mr. Gul Nawaz
Executive Directors	1. Miss Tara Uzra Dawood - Chief Executive Officer
Non - Executive Directors	1. Mr. Masood A. S. Wahedna 2. Mr. Nazimuddin Feroz 3. Mr. Shabahat Hussain

The independent directors 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 on more than seven listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
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 a member of a stock exchange, has been declared as a defaulter by that stock exchange.
4. The company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the company.
5. The board has developed a 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.
6. 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, other executive and non-executive directors, have been taken by the board.
7. The meetings of the board were presided over by the Chairperson and, in her absence, by a director elected by the board for this purpose and 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.
8. The management company arranged one orientation programs for its directors during the year.
9. No new appointment of CFO, Company Secretary and Head of Internal Audit were made during the year.
10. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
11. The financial statements of the fund were duly endorsed by Chief Executive Officer and Chief Financial Officer of the company before approval of the board.
12. The directors, Chief Executive Officer and executives do not hold any interest in the share of the fund other than

---

that disclosed in the pattern of shareholdings.

13. The company has complied with all the corporate and financial reporting requirements of the Code.
14. The board has formed an Audit Committee. It comprises of three members, of whom all are non-executive directors and the chairman of the committee is an independent director.
15. The meetings of the audit committee were held at least once every quarter prior to approval of interim and final results of the fund and as required by the Code. The terms of reference of the committee have been formed and advised to the committee for compliance.
16. The Board has outsourced the internal audit function to Riaz Ahmad & Company Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and rocedures of the company.
17. The Board has formed a Human Resource and Remuneration Committee subsequent to the year end. It comprises of three members, of whom two are non-executive directors and the chairman of the committee is an independent non-executive director.
18. The statutory auditors of the fund have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold certificate of the fund 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 (ICAP).
19. 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 International Federation of Accountants (IFAC) guidelines in this regard.
20. The 'closed period', prior to the announcement of interim/final results, and business decisions, which may materially affect the market price of scrip, was determined and intimated to directors, employees and stock exchange.
21. Material/price sensitive information has been disseminated among all market participants at once through stock exchange.
22. 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 casual vacancy occurred in the Board on February 17, 2011 which has not yet been filled as the SECP did not grant approval for appointment of persons applied to fill the said casual vacancy;

On Behalf of the Board of Directors  
Dawood Capital Management Limited

Karachi  
Date: September 17, 2012

Tara Uzra Dawood  
Chief Executive Officer



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



**BDO Ebrahim & Co.**  
Chartered Accountants

2nd Floor, Block-C, Lakson Square Building No.1  
Sarwar Shaheed Road, Karachi-74200, Pakistan.  
Telephone : 35683030, 35683189, 35683498, 35683703  
Telefax : 35684239  
Email : info@bdoebrahim.com.pk  
Website : http://www.bdoebrahim.com.pk

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of DAWOOD CAPITAL MANAGEMENT LIMITED ("the Company") to comply with the Listing Regulations of Karachi Stock Exchange, where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance 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 of Corporate Governance and report if it does not. 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 of Corporate Governance.

As part of our audit of the 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 have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such internal controls.

Further, the Listing Regulations of Karachi Stock Exchange requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the Audit Committee. We are only required and have ensured compliance of requirements to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, 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 of Corporate Governance, for the year ended June 30, 2012.

We draw your attention to clause 22 of the statement which mentions an instance of non-compliance with the code.

Karachi  
Date: September 17, 2012

Chartered Accountants  
Engagement Partner: Zulfikar Ali Causer





## AUDITORS' REPORT TO THE MEMBERS



**BDO Ebrahim & Co.**  
Chartered Accountants

2nd Floor, Block-C, Lakson Square Building No.1  
Sarwar Shaheed Road, Karachi-74200, Pakistan.  
Telephone : 35683030, 35683189, 35683498, 35683703  
Telefax : 35684239  
Email : info@bdoebrahim.com.pk  
Website : http://www.bdoebrahim.com.pk

We have audited the annexed balance sheet of DAWOOD CAPITAL MANAGEMENT LIMITED ("the Company") as at June 30, 2012 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 we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes 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 above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- a) in our opinion proper books of accounts have been kept by the Company as required by the Companies Ordinance, 1984;
- b) in our opinion:
  - i) 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 accounts 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 business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- c) in our opinion and to the best of our information and according to the explanations given to us, 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 conform 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, 2012 and of the profit, its comprehensive income, cash flows and changes in equity for the year then ended; and
- d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Without qualifying our opinion, we draw attention to note 1.3 to the financial statements which details the deficiency in meeting the minimum capital requirement as prescribed by regulation 4 of part I of Non-Banking Finance Companies and Notified Entities Regulations, 2008.

The financial statements for the year ended June 30, 2011 were audited by another firm of chartered accountants who had expressed an unqualified opinion thereon vide their report dated September 7, 2011.

Karachi  
Date: September 17, 2012

Chartered Accountants  
Engagement Partner: Zulfikar Ali Causer



**BALANCE SHEET**  
**AS AT JUNE 30, 2012**

	Note	2012 Rupees	2011 Rupees
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Operating Fixed Assets	6	2,293,652	2,363,148
Long-Term Investments	7	122,939,282	143,066,066
Long-Term Receivables from Related Parties	8	1,115,000	1,115,000
Long-Term Deposits		36,300	34,200
		<u>126,384,234</u>	<u>146,578,414</u>
<b>Current Assets</b>			
Investments - Available for Sale	9	4,972,535	4,805,337
Loans and Advances	10	222,249	794,498
Prepayments and Other Receivables	11	3,491,174	678,108
Remuneration Due from Funds Under Management	12	2,221,458	2,327,114
Taxation - Net		7,535,579	6,069,919
Cash and Bank Balances	13	9,472,084	405,356
		27,915,079	15,080,332
		<u>154,299,313</u>	<u>161,658,746</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Share Capital And Reserves</b>			
<b>Authorised Capital</b>			
20,000,000 Ordinary Shares of Rs. 10/- Each		<u>200,000,000</u>	<u>200,000,000</u>
<b>Issued, Subscribed and Paid-Up Capital</b>			
General Reserves	14	149,737,500	149,737,500
Surplus on Revaluation of Available for Sale Investments		33,630,264	33,630,264
Accumulated Losses		596,900	-
		<u>(33,506,600)</u>	<u>(34,315,164)</u>
		150,458,064	149,052,600
<b>Current Liabilities</b>			
Accrued and Other Liabilities	15	3,841,249	12,606,146
Contingencies And Commitments	16		
<b>Total Equity And Liabilities</b>		<u>154,299,313</u>	<u>161,658,746</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer

Director



DAWOOD

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2012

Annual Report 2012

	Note	2012 Rupees	2011 Rupees
<b>INCOME</b>			
Management Fee	17	19,723,039	19,718,450
Investment Income	18	<u>3,189,470</u>	<u>42,698</u>
		22,912,509	19,761,148
Impairment against Investments	19	<u>(3,714,368)</u>	<u>(8,023,425)</u>
		19,198,141	11,737,723
<b>EXPENSES</b>			
Administrative and Operating Expenses	20	<u>23,358,969</u>	<u>27,171,903</u>
Financial Charges		2,263	6,981
Workers' Welfare Fund		<u>21,534</u>	-
		23,382,766	27,178,884
		(4,184,625)	(15,441,161)
Other Operating Income	21	<u>3,898,691</u>	<u>2,218,628</u>
		(285,934)	(13,222,533)
Share of Associates' Profit	22	<u>1,362,610</u>	<u>13,075,947</u>
Profit/(Loss) Before Taxation		<u>1,076,676</u>	<u>(146,586)</u>
Taxation - Current	23	268,112	218,999
Net Profit/(Loss) for the Year		<u><u>808,564</u></u>	<u><u>(365,585)</u></u>
Profit/(Loss) per Share - Basic and Diluted	24	<u><u>0.05</u></u>	<u><u>(0.02)</u></u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

Chief Executive Officer

Director



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED JUNE 30, 2012**

	2012 Rupees	2011 Rupees
Net Profit/(Loss) for the Year	808,564	(365,585)
Surplus/(Deficit) on Revaluation of Available-for-Sale Investments (Recognised Directly in Equity)	596,900	(919,358)
Deficit on Revaluation of Available-for-Sale Investments Transferred to Income Statement on Impairment	-	926,923
Other Comprehensive Income - Unrealized Gain on Available-for-Sale Investments	596,900	7,565
<b>Total Comprehensive Income/(Loss) for the Year</b>	<b>1,405,464</b>	<b>(358,020)</b>

The annexed notes from 1 to 30 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director



DAWOOD

**CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2012**

*Annual Report 2012*

	2012 Rupees	2011 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit/(Loss) Before Taxation	1,076,676	(146,586)
Adjustments for Items Not Involving Movement of Funds:		
Depreciation on Operating Fixed Assets	1,231,253	1,015,693
Gain on Sale of Investments	(3,206,186)	-
Return on Term Finance	16,716	(42,698)
Impairment against Investments	3,714,368	8,023,425
Financial Charges	2,263	6,981
Gain on Disposal of Operating Fixed Assets	-	(79,917)
Mark-Up Earned on Saving Account	(329,077)	(55,758)
Share of Associates' Profit	(1,362,610)	(13,075,947)
	<u>66,727</u>	<u>(4,208,221)</u>
Operating Cash Flows Before Working Capital Changes	1,143,403	(4,354,807)
(Increase)/Decrease in Current Assets		
Loans and Advances	572,249	704,960
Prepayments, Interest Accrued and Other Receivables	(2,524,776)	503,622
Remuneration Due from Funds Under Management	105,656	(995,860)
	<u>(1,846,871)</u>	<u>212,722</u>
Decrease/(Increase) in Current Liabilities		
Accrued and Other Liabilities	(8,764,897)	286,613
	<u>(9,468,365)</u>	<u>(3,855,472)</u>
Income Taxes Paid - Net	(1,733,772)	75,663
Financial Charges Paid	(2,263)	(6,981)
	<u>(11,204,400)</u>	<u>(3,786,790)</u>
Net Cash Used in Operating Activities	(11,204,400)	(3,786,790)

---

	2012 Rupees	2011 Rupees
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Long-Term Receivable from Related Parties	-	500,000
Long-Term Deposits	(2,100)	(3,200)
Long-Term Investments - Net	21,410,914	283,364
Proceeds from Disposal of Operating Fixed Assets	-	641,500
Proceeds from Sale on Investment	-	114
Receipt of Mark-Up on Term Finance Certificate	-	40,722
Receipt of Mark-Up on Saving Account	24,071	96,806
Purchase of Operating Fixed Assets	(1,161,757)	(1,390,237)
Net Cash Generated from Investing Activities	20,271,128	169,069
Net Increase/(Decrease) in Cash and Cash Equivalents	9,066,728	(3,617,721)
Cash and Cash Equivalents at Beginning of the Year	405,356	4,023,077
Cash and Cash Equivalents at End of the Year	9,472,084	405,356

The annexed notes from 1 to 30 form an integral part of these financial statements.

---

Chief Executive Officer

---

Director



DAWOOD

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2012

Annual Report 2012

	Issued, Subscribed & Paid-Up Capital	General Reserve	(Deficit)/Surplus on Revaluation of Available for Sale Investments	Unappropriated Loss	Total
	Rupees				
Balance as at July 1, 2010	149,737,500	33,630,264	(7,565)	(33,949,579)	149,410,620
Loss for the Year	-	-	-	(365,585)	(365,585)
Other Comprehensive Income	-	-	7,565	-	7,565
Total Comprehensive Income for the Year	-	-	7,565	(365,585)	(358,020)
Balance as at June 30, 2011	<u>149,737,500</u>	<u>33,630,264</u>	<u>-</u>	<u>(34,315,164)</u>	<u>149,052,600</u>
Balance as at July 1, 2011	149,737,500	33,630,264	-	(34,315,164)	149,052,600
Profit for the Year	-	-	-	808,564	808,564
Other Comprehensive Income	-	-	596,900	-	596,900
Total Comprehensive Income for the Year	-	-	596,900	808,564	1,405,464
Balance as at June 30, 2012	<u>149,737,500</u>	<u>33,630,264</u>	<u>596,900</u>	<u>(33,506,600)</u>	<u>150,458,064</u>

The annexed notes from 1 to 30 form an integral part of these financial statements.

\_\_\_\_\_  
Chief Executive Officer

\_\_\_\_\_  
Director

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2012

---

### 1 STATUS AND NATURE OF BUSINESS

- 1.1 Dawood Capital Management Limited (the Company) was incorporated on September 18, 1990 as a public limited Company in Pakistan, with its registered office at 5B Lakson square building No.1, Sarwar Shaheed Road, Karachi. The Company is listed on the Karachi Stock Exchange.

The Company is re-registered as a Non Banking Finance Company under the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules). The Company has obtained the licenses to carry out investment advisory services and asset management services under the NBFC Rules and the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

- 1.2 The Company has floated the following open end funds;

- Dawood Income Fund
- Dawood Islamic Fund

The Company has also floated a closed end fund;

- First Dawood Mutual Fund

During the year the licences of the Company have been renewed for Asset Management Services and Investment Advisory Services vide approval dated October 27, 2011, effective from May 27, 2010 and May 26, 2010, respectively, valid for a period of three years.

- 1.3 In accordance with regulation 4 of part I of Non-Banking Finance Companies and Notified Entities Regulations, 2008 an NBFC licensed by the Commission to undertake Asset Management Services and Investment Advisory Services is required to maintain equity amounting to Rs. 180 million by June 30, 2012. As at the year end the Company's equity amounted to Rs. 150.46 million. The Company's financial statements for the year ended June 30, 2012 are being prepared on a going concern basis as the management is taking necessary steps to ensure compliance with the aforesaid regulation to restore the minimum equity shortly. Furthermore, the Company has written to the Securities and Exchange Commission of Pakistan seeking an extension in compliance with the aforementioned regulation.

### 2 BASIS OF PREPARATION

#### 2.1 Statement of Compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, the provisions of and directives issued under the Companies Ordinance, 1984, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), and the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations).

Wherever the requirements of Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or directives issued by the SECP differ with the requirements of IFRS, the requirements of the Companies Ordinance, 1984, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP prevail.

#### 2.3 Functional and Presentation Currency

These financial statements are presented in Pak Rupees, which is the Company's functional and presentation currency.

### 3. NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS TO PUBLISHED APPROVED ACCOUNTING STANDARDS

#### 3.1 Amendments That are Effective in Current Year But Not Relevant to the Company

The Company has adopted the amendments to the following accounting standards which became effective during the year:



	Effective Date (Accounting Periods Beginning on or After)
Conceptual Framework for Financial Reporting	September 2010
IFRS 1 First time Adoption of International Financial Reporting Standards	July 01, 2011
IFRS 7 Financial Instruments: Disclosures	July 01, 2011
IAS 24 Related Party Disclosures	January 01, 2011
IFRIC 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	January 01, 2011

In May 2010, International Accounting Standards Board issued amendments to various accounting standards primarily with a view to removing inconsistencies and clarifying wording. These improvements are listed below:

Issued in May 2010

IFRS 1 First time Adoption of International Financial Reporting Standards	January 01, 2011
IFRS 7 Financial Instruments: Disclosures	January 01, 2011
IAS 1 Presentation of Financial Statements	January 01, 2011
IAS 34 Interim Financial Reporting	January 01, 2011
IFRIC 13 Customer Loyalty Programmes	January 01, 2011

### 3.2 Amendments Not Yet Effective

The following amendments and interpretations with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective Date (Annual Periods Beginning On or After)
IFRS 1 First-time Adoption of International Financial Reporting Standards - Amendments for government loan with a below-market rate of interest when transitioning to IFRSs and amendments resulting from Annual Improvements 2009-2011 Cycle (repeat application, borrowing costs)	January 01, 2013
IFRS 7 Financial Instruments Disclosures - Amendments related to the offsetting of assets and liabilities and deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 01, 2013
IFRS 9 Financial Instruments - Reissue to include requirements for the classification and measurement of financial liabilities and incorporate existing derecognition requirements	January 01, 2015
IFRS 9 Financial Instruments - Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	January 01, 2015
IAS 1 Presentation of Financial Statements - Amendments to revise the way other comprehensive income is presented	July 01, 2012
IAS 1 Presentation of Financial Statements - Amendments resulting from Annual Improvements 2009-2011 Cycle (comparative information)	January 01, 2013
IAS 12 Income Taxes - Limited scope amendment (recovery of underlying assets)	January 01, 2012
IAS 16 Property, Plant and Equipment - Amendments resulting from Annual Improvements 2009-2011 Cycle (servicing equipment)	January 01, 2013
IAS 19 Employee Benefits - Amended standard resulting from the post-employment benefits and termination benefits projects	January 01, 2013
IAS 32 Financial Instruments: Presentation - Amendments relating to the offsetting of assets and liabilities	January 01, 2014
IAS 32 Financial Instruments: Presentation - Amendments resulting from Annual Improvements 2009-2011 Cycle (tax effect of equity distributions)	January 01, 2013

	Effective Date (Annual Periods Beginning On or After)
IAS 34 Interim Financial Reporting - Amendments resulting from Annual Improvements 2009-2011 Cycle (interim reporting of segment assets)	January 01, 2013

### 3.2 Standards or Interpretations Not Yet Effective

The following International Financial Reporting Standards or interpretations issued by IASB would be effective from the dates mentioned below against the respective standard or interpretation:

	Effective Date (Annual Periods Beginning On or After)
IFRS 10 Consolidated Financial Statements	January 01, 2013
IFRS 11 Joint Arrangements	January 01, 2013
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2013
IFRS 13 Fair Value Measurement	January 01, 2013
IAS 27 Separate Financial Statements	January 01, 2013
IAS 28 Investments in Associates and Joint Ventures	January 01, 2013
IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine	January 01, 2013

The Company expects that the adoption of the above amendments and interpretations of the standards will not affect the Company's financial statements in the period of initial application.

## 4 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### 4.1 Operating Fixed Assets

#### 4.1.1 Owned

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life of the asset on a systematic basis applying the straight line method at the rates specified in note 6 to the financial statements.

Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values and useful lives of assets are reviewed at each financial year end and adjusted, if appropriate.

Gains and losses on disposals, if any, are included in the profit and loss account.

#### 4.1.2 Lease Assets

Asset subject to finance lease is accounted for by recording the asset at the lower of present value of minimum lease payments under the lease agreement and the fair value of asset acquired. The related obligation under the lease is accounted for as a liability. Financial charges are allocated to accounting periods in a manner so as to provide a constant periodic rate of charge on the outstanding liability.

### 4.2 Impairment

The carrying amounts of the Company's assets, for which policy is given separately, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists the assets' recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to profit and loss account.

#### 4.3 Investments

All investments are initially measured at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs that are directly attributable to acquisition.

The management of the Company determines the appropriate classification of its investments for the purpose of subsequent measurement in accordance with the requirements of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement', at the time of purchase.

The Company classifies investments in the following categories:

##### *Investments at Fair Value Through Profit or Loss*

These include held for trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. All derivatives are classified as held-for-trading. These are initially recorded at cost. Derivatives with positive fair values (unrealised gains) are included in assets and derivatives with negative fair values (unrealised losses) are included in liabilities in the statement of assets and liabilities. After initial measurement, such investments are carried at fair value and the gains or losses on revaluation are recognised in the profit and loss account in the period in which they arise.

##### *Held to Maturity*

Investment with fixed maturities and fixed or determinable payments are classified as held to maturity investments when management has both the intent and ability to hold to maturity. After initial measurement, such investments are carried at amortised cost less any provision for impairment. Premiums and discounts on investments are amortised using the effective interest rate method and taken to profit and loss account from investments.

##### *Available for Sale*

These are non-derivative financial assets that are not classified as (a) loans and receivables (b) held to maturity investments or (c) financial assets at fair value through profit or loss. After initial measurement, such investments are measured at fair value with unrealised gains or losses recognised directly in the equity until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is taken to the income statement. However, unquoted equity investments are carried at the lower of cost or break up value.

Fair values of investments are determined as follows:

##### *Listed Shares*

These are valued on the basis of closing market prices quoted on the respective stock exchange.

##### *Mutual Funds Units*

These are valued by reference to the net asset values declared by the respective fund.

##### *Debt Securities*

Fair value of debt securities, other than government securities, are valued on the basis of prices announced by the Mutual Funds Association of Pakistan (MUFAP) in accordance with Regulation 66(b) of the NBFC Regulations.

##### *Government Securities*

Fair value of government securities is determined by reference to the quotations obtained from the PKRV rate sheet on the Reuters page.

#### 4.4 Investment in Associates

The Company's investment in associates is accounted for under the equity method.

#### 4.5 Trade Debt Accounting

All regular way purchases/sales of investment are recognised on the trade date, i.e. the date the Company commits to purchase/sell the investments. Regular way purchases or sales of investment require delivery of securities within two days after the transaction date as required by stock exchange regulations.

---

#### 4.6 Securities Under Repurchase/Resale Agreements Investment in Associates

Securities purchased under a corresponding commitment to resell at a specified future date (reverse-repo) are recorded as receivables against carry-over transactions at fair value of the consideration given. Securities sold under a simultaneous commitment to repurchase at a specified future date (repo) are recognised in the balance sheet as investments and the counterpart liability is shown as payable against carry-over transactions. All carry-over transactions are accounted for on settlement date basis.

#### 4.7 Financial Instruments

##### 4.7.1 Financial Assets and Liabilities

Financial assets include investments, deposits, loans, advances, other receivables, receivable from funds and cash and bank balances.

Financial liabilities include accrued expenses and other liabilities and liabilities against assets subject to finance lease. Financial liabilities are classified according to the substance of the contractual agreement entered into.

At the time of initial recognition, all the financial assets and liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs that may be incurred on disposal. The particular recognition method adopted for recognition of financial assets and liabilities subsequent to initial recognition is disclosed in the policy statement associated with each item.

##### 4.7.2 Offsetting of Financial Assets and Financial Liabilities

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and the Company intends to either settle on a net basis, or to realise the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set.

##### 4.7.3 Related Party Transactions and Transfer Pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at arm's length prices which are determined in accordance with the methods prescribed in the Companies Ordinance 1984.

#### 4.8 Employee Retirement Benefits-Defined Contribution Plan

The Company operates recognised provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 percent of basic salary.

#### 4.9 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent consist of bank balances and running finances under mark-up arrangements.

#### 4.10 Trade Debts and Other Receivables

These are stated at original invoice amount less an estimate for doubtful balance. Provision is made against impaired debts based on management's assessment regarding their recoverability.

#### 4.11 Borrowing/Debt

Borrowings/debt is recognized initially at fair value, net of transaction costs incurred. These are subsequently measured at amortized cost and any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of borrowings/debt under the effective interest method. Markup/ profit on borrowings/ debt is calculated using the effective interest method and is recognized in the profit and loss account.

#### 4.12 Trade and Other Payables

Short-term liabilities for trade and other payables are recognized initially at fair value and subsequently carried at amortized cost.

#### 4.13 Proposed Dividend and Transfer Between Reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the balance sheet date are considered as non adjusting events and are recognized in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

#### 4.14 Foreign Currency Transactions

Transactions denominated in foreign currencies are accounted for in Pakistani Rupee (rupee) at the foreign exchange rates prevailing on the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into Rupees at the foreign exchange rates approximating those prevailing at the balance sheet date. Exchange differences are taken to the profit and loss account.

#### 4.15 Revenue Recognition

- a) Dividend income is recognized at the time when right to receive dividend is established.
- b) Capital gain or loss on sale of investments is taken into income in the period in which they arise.
- c) Management fees and profit on bank deposits are recognized on accrual basis.
- d) Placements and investments in debt securities are recognised at a rate of return implicit in the instrument/arrangement on a time proportion basis.

#### 4.16 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

#### 4.17 Taxation

##### Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into consideration available tax credits, rebates and tax losses, if any. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed/finalised during the year.

##### Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

#### 5 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following estimates and judgements which are significant to the financial statements:

- a) Recognition of taxation and deferred taxation (Note 4.17 and 23);
- b) Determining the useful lives of operating fixed assets (Note 4.1 and 6);
- c) Classification of investments (Note 4.3, 7 and 9); and
- d) Impairment of financial assets (Note 4.2 and 19).

## 6. OPERATING FIXED ASSETS

	2012								
	Cost			Accumulated Depreciation			Book Value as at June 30, 2012	Rate %	
	As at July 01, 2011	Addition/ (Disposal) During the Year	As at June 30, 2012	As at July 01, 2011	Charge for the Year	Disposal During the Year			As at June 30, 2012
<b>OWNED</b>	Rupees								
Furniture and fittings	962,472	-	962,472	603,482	87,794	-	691,276	271,196	10
Vehicles	3,851,035	-	3,851,035	3,011,925	625,036	-	3,636,961	214,074	20
Office equipment	613,543	165,052	778,595	83,730	155,719	-	239,449	539,146	20
Computer equipment	1,778,149	996,705	2,774,854	1,142,914	362,704	-	1,505,618	1,269,236	33
	<b>7,205,199</b>	<b>1,161,757</b>	<b>8,366,956</b>	<b>4,842,051</b>	<b>1,231,253</b>	<b>-</b>	<b>6,073,304</b>	<b>2,293,652</b>	<b>-</b>

	2011								
	Cost			Accumulated Depreciation			Book Value as at June 30, 2011	Rate %	
	As at July 01, 2010	Addition/ (Disposal) During the Year	As at June 30, 2011	As at July 01, 2010	Charge for the Year	Disposal During the Year			As at June 30, 2011
<b>OWNED</b>	Rupees								
Furniture and fittings	761,187	201,285	962,472	520,337	83,145	-	603,482	358,990	10
Vehicles	4,587,035	-	3,851,035	2,446,061	740,281	(174,417)	3,011,925	839,110	20
		(736,000)							
Office equipment	119,250	494,293	613,543	51,062	32,668	-	83,730	529,813	20
Computer equipment	1,083,490	694,659	1,778,149	983,315	159,599	-	1,142,914	635,235	33
	<b>6,550,962</b>	<b>1,390,237</b>	<b>7,205,199</b>	<b>4,000,775</b>	<b>1,015,693</b>	<b>(174,417)</b>	<b>4,842,051</b>	<b>2,363,148</b>	
		<b>(736,000)</b>							

6.1 The cost of fully depreciated operating fixed assets amounts to Rs. 3,522,470/- (2011: Rs. 1,593,840/-).

	Note	2012 Rupees	2011 Rupees
<b>7 LONG-TERM INVESTMENTS</b>			
<b>Investments in Associates - Quoted</b>			
<b>First Dawood Mutual Fund (Closed-End- Fund) -     An Associate (Using Equity Method)</b>			
10,053,425 (June 30, 2011: 8,792,925) Fully Paid Ordinary Certificates of Rs. 10/- Each			
Representing 17.31% (June 30, 2011: 15.14%) Holding	7.1	85,856,250	83,269,000
<b>Dawood Income Fund (Open-End- Fund) - An Associate (Using Equity Method)</b>			
198,561 (June 30, 2011: 172,312) Units of Rs. 100/- Each			
Representing 3.84% (June 30, 2011: 3.20%) Holding	7.2	15,242,197	14,468,228
		<u>101,098,447</u>	<u>97,737,228</u>
<b>Others - Investments in Unlisted Companies (Available for Sale)</b>			
<b>Sapphire Power Generation Limited</b>			
50,000 (June 30, 2011: 50,000) Fully Paid Ordinary Shares of Rs. 10/- Each		1,750,000	1,750,000
<b>Burj Bank Limited - (formerly Dawood Islamic Bank Limited)</b>			
5,034 (June 30, 2011: 2,345,034) Fully Paid Ordinary Shares of Rs. 10/- Each	7.3	43,463	23,450,340
Less: Impairment on Available for Sale Investments		(4,032)	(3,203,542)
		<u>39,431</u>	<u>20,246,798</u>
<b>Dawood Family Takaful Limited - A Related Party</b>			
2,722,500 (June 30, 2011: 2,722,500) Fully Paid Ordinary Shares of Rs. 10/- Each		23,332,040	27,225,000
Less: Impairment on Available for Sale Investments		(3,280,636)	(3,892,960)
		<u>20,051,404</u>	<u>23,332,040</u>
		<u><u>122,939,282</u></u>	<u><u>143,066,066</u></u>

- 7.1 The abridged financial information of First Dawood Mutual Fund (the Fund) based on audited financial statements as at June 30, 2012 is as follows:

	2012 Rupees	2011 Rupees
<b>Associate's Statement of Assets and Liabilities</b>		
Total Assets	503,053,841	553,907,236
Total Liabilities	7,305,839	4,194,674
Net Assets	<u>495,748,002</u>	<u>549,712,562</u>
Share of Company's Net Assets	38,504,618	20,135,798
<b>Associate's Income Statement</b>		
Total (Loss)/Income	(19,251,731)	80,290,696
Net (Loss)/Income	<u>(34,799,810)</u>	<u>65,033,573</u>

The Fund has been classified as an associate inspite of the fact that the Company holds less than twenty percent in the fund for the reason that the Company is also an investment advisor of the fund by virtue of which it participates in the financial and operating policies of the fund and hence has significant influence over its investee. The market value of investment in the Fund as at June 30, 2012 amounts to Rs. 38,504,618 (2011: Rs. 20,135,798).

- 7.2 The abridged financial information of the Dawood Income Fund (the Fund) based on audited financial statements as at June 30, 2012 is as follows:

	2012 Rupees	2011 Rupees
<b>Associate's Statement of Assets and Liabilities</b>		
Total Assets	402,224,043	456,689,147
Total Liabilities	4,929,692	4,561,822
Net Assets	<u>397,294,351</u>	<u>452,127,325</u>
Share of Company's Net Assets	15,242,197	14,468,228
<b>Associate's Income Statement</b>		
Total Income	35,997,733	73,231,854
Net Income	<u>28,214,202</u>	<u>66,178,024</u>

The Fund has been classified as an associate inspite of the fact that the Company holds less than twenty percent in the fund for the reason that the Company is also an investment advisor of the fund by virtue of which it participates in the financial and operating policies of the fund and hence has significant influence over its investee. The market value of investment in the fund as at June 30, 2012 amounts to Rs. 15,242,197 (2011: Rs. 14,468,228).

- 7.3 During the year, the Company has sold 2,340,000 shares of Burj Bank Limited for an aggregate consideration of Rs. 23.400 million. This investment represented sponsor's equity in the bank which was not to be sold without the prior consent of the State Bank of Pakistan (SBP). The SBP provided its approval for the sale vide its letter dated February 6, 2012. On the basis of this approval, the Company entered into a sale transaction with First Dawood Investment Bank Limited (FDIBL), a related party, through Equity International (Private) Limited for sale of 2,340,000 shares. The sale note states that the said shares shall be credited into the account of FDIBL for onward sale and to enable settlement of a bilateral transaction between Equity International (Private) Limited and FDIBL.

	Note	2012 Rupees	2011 Rupees
<b>8 LONG-TERM RECEIVABLES FROM RELATED PARTIES - UNSECURED, CONSIDERED GOOD</b>			
From Associates:			
Dawood Islamic Fund	8.1	-	500,000
Less: Receivable Within One Year			
Dawood Islamic Fund		-	(500,000)
Others:			
Dawood Stock Fund		<u>1,115,000</u>	<u>1,115,000</u>
		<u>1,115,000</u>	<u>1,115,000</u>

- 8.1 These represent formation costs incurred by the Company in connection with the floatation of open and close end funds which are recoverable in equal installments from the respective funds over a period of five years.



9. INVESTMENTS - AVAILABLE FOR SALE

	Note	2012		2011	
		Book Value	Fair Value	Book Value	Fair Value
		Rupees			
Listed Shares	9.1	4,613,901	4,972,535	5,447,602	4,613,901
Term Finance Certificates - Listed	9.2	191,436	-	284,658	191,436
		<u>4,805,337</u>	<u>4,972,535</u>	<u>5,732,260</u>	<u>4,805,337</u>
Surplus on Revaluation of Investments		596,900	-	-	-
Impairment on Available for Sale Investments		(429,700)	-	(926,923)	-
		<u>4,972,535</u>	<u>4,972,535</u>	<u>4,805,337</u>	<u>4,805,337</u>

9.1 Listed shares

All shares represent fully paid ordinary shares of Rs. 10/- each, unless otherwise stated.

No. of Shares 2012	2011	Name of Companies	Note	2012		2011	
				Book Value	Fair Value	Book Value	Fair Value
Financial Services							
2,382,641	2,382,641	First Dawood Investment Bank Limited - Related Party	9.1.1	3,788,401	3,550,135	4,241,102	3,788,401
635,000	635,000	Dawood Equities Limited		<u>825,500</u>	<u>1,422,400</u>	<u>1,206,500</u>	<u>825,500</u>
				<u>4,613,901</u>	<u>4,972,535</u>	<u>5,447,602</u>	<u>4,613,901</u>

9.1.1 As per SECP Circular 09 of 2006, 2,382,641 (June 30, 2011: 2,382,641) shares of First Dawood Investment Bank Limited are held in a blocked account with CDC. The Company can only dispose these shares with prior approval from the SECP.

9.2 Term Finance Certificates - Listed

(Having Face Value of Rs. 5,000 Each, Unless Stated Otherwise)

No. of Certificates 2012	2011	Period of Redemption	Terms of Redemption	Rate %	2012		2011		
					Book Value	Fair Value	Book Value	Fair Value	
57	57	Pace Pakistan Limited (TFC)	2008-2017	Semi Annually	6 months KIBOR + 2.0	191,436	-	284,658	191,436
Less: Impairment on Available for Sale Investment						<u>(191,436)</u>	<u>-</u>	<u>-</u>	<u>-</u>
						<u>-</u>	<u>-</u>	<u>284,658</u>	<u>191,436</u>

9.2.1 Pace Pakistan Limited defaulted on its payment of principal and markup due on August 21, 2011. Consequently, security was classified as non-performing by MUFAP on September 05, 2011 and accrual on the same was suspended.

10. LOANS AND ADVANCES

	Note	2012 Rupees	2011 Rupees
Unsecured - Considered Goods			
Current Portion of Long-Term Receivables from Related Parties		-	500,000
Advance to Employees		198,249	264,498
Others		<u>24,000</u>	<u>30,000</u>
		<u>222,249</u>	<u>794,498</u>

			2012	2011
			Rupees	Rupees
<b>11. PREPAYMENTS AND OTHER RECEIVABLES</b>				
		Note		
	Unsecured - Considered Goods			
		11.1	3,178,210	641,458
			312,964	7,958
			-	16,716
			-	11,976
			<u>3,491,174</u>	<u>678,108</u>
11.1 This includes Rs. 3,059,000 prepaid as advance office rent.				
<b>12. REMUNERATION DUE FROM FUNDS UNDER MANAGEMENT</b>				
	Open-End Funds			
			369,972	380,271
			<u>917,910</u>	<u>1,011,614</u>
			1,287,882	1,391,885
	Closed-End Fund			
			<u>933,576</u>	<u>935,229</u>
			<u>2,221,458</u>	<u>2,327,114</u>
<b>13. BANK BALANCES</b>				
	Cash at Bank			
			101,609	101,609
		13.1	<u>9,370,475</u>	<u>303,747</u>
			<u>9,472,084</u>	<u>405,356</u>
13.1 The balance in saving accounts carry profit at rates ranging from 5% to 11% per annum (2011: 5% per annum).				
<b>14. ISSUED, SUBSCRIBED AND PAID UP CAPITAL</b>				
	No. of Shares		2012	2011
	2012	2011	Rupees	Rupees
			Note	
	Ordinary Shares of			
10,000,000	10,000,000		100,000,000	100,000,000
	Ordinary Shares of Rs. 10/- Each Issued			
4,973,750	4,973,750		49,737,500	49,737,500
			<u>149,737,500</u>	<u>149,737,500</u>
14.1 The shares held by related parties are as follows: --- No. of Shares ---				
	First Dawood Investment Bank Limited		2,246,070	2,246,070
	The Bank of Khyber		2,246,055	2,246,055
	BRR Guardian Modaraba		1,935,505	1,935,505
			<u>6,427,630</u>	<u>6,427,630</u>
<b>15 ACCRUED AND OTHER LIABILITIES</b>				
	Accrued Expenses		1,180,803	11,007,404
	Unclaimed Dividend		998,742	998,742
	Bonus to Employees		600,000	600,000
	Payable to Broker		<u>1,061,704</u>	-
			<u>3,841,249</u>	<u>12,606,146</u>

16 CONTINGENCIES

The Additional Commissioner of Income Tax (ACIT) has amended the assessment order under section 122(5A) of the Income Tax Ordinance, 2001, resulting in an additional tax of Rs. 1.005 million, Rs. 0.820 million and Rs. 1.733 million for tax years 2003, 2004 and 2005 respectively. The Company has filed appeals with the Commissioner of Income Tax Appeals-II (CIT). The said appeals are pending for hearing. The management is confident that the appeal will be decided in favour of the Company and therefore no provision in this respect has been made in these financial statements.

Appeals have been filed before Income Tax Appellate Tribunal (ITAT) for the tax year 2004 and 2005 against the order of CIT-A. Hearing has been fixed and ITAT has finalized the order for the tax year 2004, which partially allowed and partially remanded back the order to the CIT-A for passing an order.

	2012 Rupees	2011 Rupees
17 MANAGEMENT FEE		
Open-End Funds		
Dawood Income Fund - An Associate	4,580,121	3,870,854
Dawood Islamic Fund - An Associate	<u>4,795,145</u>	<u>5,094,403</u>
	9,375,266	8,965,257
Closed-End Fund		
First Dawood Mutual Fund - An Associate	<u>10,347,773</u>	<u>10,753,193</u>
	<u>19,723,039</u>	<u>19,718,450</u>

17.1 Under the provisions of the NBFC Regulations and the NBFC Rules, the management company/investment advisor of the fund is entitled to a remuneration during the first five years of the fund, of an amount not exceeding the three percent of the average net assets of the fund and thereafter of an amount equal to two percent of such assets of the fund. The rates charged to each fund during the period ended June 30, 2012 and 2011 are as under:

	2012 Rumuneration For Services Rendered as an Asset Management Company Percentage	2011
Open-End Funds		
Dawood Income Fund (formerly Dawood Money Market Fund) - An Associate	1	1
Dawood Islamic Fund - An Associate	1.5	1.5
Closed-End Fund		
First Dawood Mutual Fund - An Associate	2	2

	2012 Rupees	2011 Rupees
18 INVESTMENT INCOME		
Equity Investments		
Gain on Sale of Investments	<u>3,206,186</u>	<u>-</u>
Other Investments		
(Reversal)/Income on Term Finance Certificates	(16,716)	42,698
	<u>3,189,470</u>	<u>42,698</u>

	Note	2012 Rupees	2011 Rupees
<b>19 IMPAIRMENT AGAINST INVESTMENTS</b>			
<i>Unquoted Shares</i>			
Burj Bank Limited (formerly Dawood Islamic Bank Limited)		4,032	3,203,542
Dawood Family Takaful Limited		3,280,636	3,892,960
<i>Quoted Shares</i>			
First Dawood Investment Bank Limited		238,264	452,701
Dawood Equities Limited		-	381,000
<i>Term Finance Certificates - Listed</i>			
Pace Pakistan Limited		191,436	93,222
		<u>3,714,368</u>	<u>8,023,425</u>
<b>20 ADMINISTRATIVE AND OPERATING EXPENSES</b>			
Salaries and Allowances		10,689,676	14,503,312
Rent, Rates and Taxes		256,000	894,738
Postage and Telephones		447,747	415,698
Legal and Professional Charges		2,747,946	3,125,892
Printing and Stationery		364,706	377,561
Travelling and Conveyance		1,567,484	867,652
Vehicles Running		1,832,357	1,565,802
Advertisement		40,800	226,888
Electricity		509,413	572,582
Repairs and Maintenance		1,048,451	781,634
Auditors' Remuneration	20.1	518,651	494,120
Entertainment		425,359	441,769
Insurance		305,380	326,729
Depreciation		1,231,253	1,015,693
Subscriptions		1,087,166	762,775
Newspapers and Magazines		8,862	5,484
Directors' Fee		117,000	127,000
Securities Transaction Cost		44,305	-
Marketing Expense		-	318,812
Others		116,413	347,762
		<u>23,358,969</u>	<u>27,171,903</u>
<b>20.1 Auditors' remuneration</b>			
Annual Audit		250,000	250,000
Certification Fee		90,000	60,000
Half Yearly Review		120,000	120,000
Out of Pocket Expenses		58,651	64,120
		<u>518,651</u>	<u>494,120</u>
<b>21 OTHER OPERATING INCOME</b>			
Gain on Disposal of Operating Fixed Assets		-	79,917
Mark-Up Earned on Saving Accounts		329,077	55,758
Mark-Up Earned on Long-Term Loan		-	52,647
Liabilities no Longer Payable Written Back		2,931,778	1,067,219
Others		637,836	963,087
	21.1	<u>3,898,691</u>	<u>2,218,628</u>
21.1 Includes surplus earned amounting to Rs. 0.637 million (2011: 0.963 million) from the Ladies' Fund Conferences conducted during the year.			

	2012 Rupees	2011 Rupees
<b>22 SHARE OF ASSOCIATES' PROFIT</b>		
Dawood Income Fund (formerly Dawood Money Market Fund)	773,969	3,227,871
First Dawood Mutual Fund	<u>588,641</u>	<u>9,848,076</u>
	<u>1,362,610</u>	<u>13,075,947</u>

**23 TAXATION**

Numerical reconciliation between the average effective tax rate and the applicable tax rate has not been presented in these financial statements due to available tax losses brought forward from tax years 2008, 2009, 2010 and 2011. The provision for current year income tax has been made under section 113 of the Income Tax Ordinance, 2001.

Deferred tax asset amounting to Rs.6,822,387/- (June 30, 2011: Rs. 7,946,478/-) has not been recognised in these financial statements as the Company is of the view that it is not probable that sufficient taxable profit will be available in the foreseeable future against which deductible temporary differences, unused tax losses and unused tax credits can be utilised. The accumulated losses as at June 30, 2012 amount to Rs.18,615,621/- (2011: Rs. 22,026,922/-).

**24. EARNINGS PER SHARE -BASIC AND DILUTED**

Net Profit/(Loss) for the Year	<u>808,564</u>	<u>(365,585)</u>
Weighted Average Number of Ordinary Shares	<u>14,973,750</u>	<u>14,973,750</u>
Earnings/(Loss) per Share - Basic and Diluted	<u>0.05</u>	<u>(0.02)</u>

**25. REMUNERATION OF CHIEF EXECUTIVE, DIRECTORS AND EXECUTIVES**

	2012			2011		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees					
Managerial Remuneration	3,200,000	-	960,000	3,200,000	-	1,963,333
House Rent	1,280,000	-	384,000	1,280,000	-	785,333
Bonus	-	-	-	-	-	-
Medical	-	-	24,000	45,712	-	28,000
Utilities	320,000	-	96,000	320,000	-	196,333
Provident Fund	320,004	-	96,000	320,004	-	160,336
E.O.B.I	1,850	-	4,300	-	-	4,320
Meeting Fee	-	117,000	-	-	127,000	-
	<u>5,121,854</u>	<u>117,000</u>	<u>1,564,300</u>	<u>5,165,716</u>	<u>127,000</u>	<u>3,137,655</u>
Number of Persons	<u>1</u>	<u>5</u>	<u>1</u>	<u>1</u>	<u>6</u>	<u>2</u>

The Chief Executive and Executives have been provided with company maintained cars.

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

26. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, directors and their close family members, senior executives, retirement benefit plans, major shareholders of the Company and funds under management. Transactions with the related parties during the year were as follows:

Relationship with the Company	Nature of Transactions	2012 Rupees	2011 Rupees
Mutual Funds Managed by the Company	Management Fee Charged	19,723,039	19,718,450
	Sales Tax on Management Fee Charged	3,155,686	-
	Management Fee Received	22,984,381	18,722,590
	Bonus Units 26,249 Units (2011: 31,218 Units)	1,912,658	2,042,848
	Recovery of Formation Costs	500,000	500,000
	Units Transferred (2011: 3,789 Units)	-	283,364
Related Party	Sale of Investments	23,400,000	-

The Company has not entered into any transaction with director and senior executives other than those provided under the Company's policies and terms of employment.

27. FINANCIAL RISK MANAGEMENT POLICIES

The Company is exposed to a variety of financial risks: market risk (comprising currency risk, interest rate risk, and other price risk), liquidity risk and credit risk that could result in a reduction in the Company's net assets or a reduction in the profits available for dividends.

The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

27.1 Market Risk

Market risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market interest rates or the market price of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management policies and regulations laid down by the Securities and Exchange Commission of Pakistan.

Market risk comprises of three types of risks: currency risk, interest rate risk and other price risk.

27.1.1 Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company, at present is not exposed to currency risk as its operations are geographically restricted to Pakistan and all transactions are carried out in Pak Rupees.

27.1.2 Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

The Company has diversified its investments and has major portion of its investments based on floating interest rate for which the finance function is responsible to manage the risk by measuring the mismatch of interest rate sensitivity gap of financial assets and liabilities.

Interest rate sensitivity position for on balance sheet financial instruments is based on the earlier of the contractual repricing or maturity date.

## 27.1.3 Price Risk

The risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices of securities due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market.

As at June 30, 2012, the fair values of marketable securities exposed to price risk are as follows:

	2012 Rupees	2011 Rupees
Exposure Classified as 'Available for Sale'	<u>4,972,535</u>	<u>4,805,337</u>

The Management Company manages the above market risks through diversification of investment portfolio in accordance with the internal risk management policies.

## 27.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss.

The Company attempts to control credit risk by entering into transactions with diverse credit worthy counter parties by monitoring credit exposure.

The maximum exposure to credit risk as at June 30, 2012 is as follows: -

	June 30, 2012		June 30, 2011	
	Statement of Assets and Liabilities	Maximum Exposure	Statement of Assets and Liabilities	Maximum Exposure
Rupees				
Long-Term Investments	122,939,282	122,939,282	143,066,066	143,066,066
Long-Term Receivables from Related Parties	1,115,000	1,115,000	1,115,000	1,115,000
Long-Term Deposits	36,300	36,300	34,200	34,200
Investments - Available for Sale	4,972,535	4,972,535	4,805,337	4,805,337
Loans and Advances	222,249	222,249	794,498	794,498
Interest Accrued and Other Receivables	3,491,174	3,491,174	678,108	678,108
Remuneration Due from Funds Under Management	2,221,458	2,221,458	2,327,114	2,327,114
Bank Balances	9,472,084	9,472,084	405,356	405,356
Total	<u>144,470,082</u>	<u>144,470,082</u>	<u>153,225,679</u>	<u>153,225,679</u>

The Company kept its funds with banks having strong credit ratings. Currently the funds are kept with banks having rating of A1+ to AA+.

Following financial assets are secured by collateral or other credit enhancements: -

	2012 Rupees	2011 Rupees
Term Finance Certificates	<u>-</u>	<u>191,436</u>
	<u>-</u>	<u>191,436</u>

### 27.3 Liquidity Risk

Liquidity risk is the risk that the Company may encounter difficulty in raising funds to meet its obligations and commitments associated with financial instruments. The Company is not materially exposed to the liquidity risk as all obligations/commitments of the Company are short-term in nature and restricted to the extent of available liquidity and all assets of the Company are readily disposable in the market.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date.

	On Demand	Not Later Than One Month	Upto Three Months	More Than Three Months And Upto One Year	More Than One Year	Total
As at June 30, 2012						
Accrued and Other Liabilities	3,841,249	-	-	-	-	3,841,249
	<b>3,854,734</b>	-	-	-	-	<b>3,854,734</b>
As at June 30, 2011						
Accrued and Other Liabilities	12,606,146	-	-	-	-	12,606,146
	<b>12,606,146</b>	-	-	-	-	<b>12,606,146</b>

### 27.4 Capital Risk Management

The primary objective of the Company's capital management is to maintain healthy capital ratios, strong credit rating and optimal capital structures in order to ensure ample availability of finance for its existing and potential investment projects, to maximize shareholder value and reduce the cost of capital.

The Company manages its capital structure and makes adjustment to it, in light of changes in economic conditions. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares. Currently the Company has an equity of Rs. 150.46 million against the minimum required equity of Rs. 180 million set by the Securities and Exchange Commission of Pakistan for the Non Banking Finance Company providing Asset Management Services and Investment Advisory Services for the year ended June 30, 2012. The company is considering alternative to meet the minimum equity requirements.

### 28 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable willing parties in an arm's length transaction.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value.

The following table shows financial instruments recognised at fair value, analysed between those whose fair value is based on:

- Level 1: Quoted prices in active markets for identical assets or liabilities.
- Level 2: Those involving inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3: Those with inputs for the asset or liability that are not based on observable market data (unobservable inputs)





---

	June 30, 2012			June 30, 2011		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Available-for-sale investments	4,972,535	-	-	4,613,901	191,436	-
	<u>4,972,535</u>	<u>-</u>	<u>-</u>	<u>4,613,901</u>	<u>191,436</u>	<u>-</u>

29 DATE OF AUTHORIZATION FOR ISSUE

These financial statements were authorised for issue in Board of Directors of the management company on September 17, 2012.

30 GENERAL

Figures have been rounded off to the nearest rupee.

---

Chief Executive Officer

---

Director

**PATTERN OF SHARE HOLDING AS AT JUNE 30, 2012**

No. of Share Holders	From	Share Holding To	Total Shares Held
110	1	100	3,011
158	101	500	33,991
162	501	1,000	119,080
111	1,001	5,000	273,180
34	5,001	10,000	244,351
16	10,001	15,000	190,940
10	15,001	20,000	186,667
6	20,001	25,000	141,043
5	25,001	30,000	142,948
2	30,001	35,000	66,000
2	35,001	40,000	75,757
2	45,001	50,000	98,502
1	50,001	55,000	55,000
1	55,001	60,000	58,439
2	60,001	65,000	126,068
1	65,001	70,000	70,000
1	70,001	75,000	74,340
1	80,001	85,000	84,475
1	110,001	115,000	112,000
3	115,001	120,000	352,779
1	245,001	250,000	250,000
1	335,001	340,000	338,285
1	385,001	390,000	389,317
1	390,001	395,000	392,452
1	565,001	570,000	567,613
2	655,001	660,000	1,318,845
1	660,001	665,000	663,832
1	740,001	745,000	741,199
1	1,375,001	1,380,000	1,376,006
1	1,935,001	1,940,000	1,935,505
2	2,245,001	2,250,000	4,492,125
642			14,973,750

**CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2012**

Categories of Share Holder's	No. of Share Holders	Total Shares Held	Percentage
Individuals	616	6,136,348	40.98
Joint Stock Companies	12	1,268,915	8.47
Financial Institutions	8	4,948,110	33.05
Investment Companies	2	11,049	0.07
Cooperative Societies	1	9,491	0.06
Modarabas	1	1,935,505	12.93
Mutual Fund	1	663,832	4.43
Govt. Organizations	1	500	0
	642	14,973,750	100



**DAWOOD**  
**PATTERN OF SHARE HOLDING**  
**AS AT JUNE 30, 2012**

*Annual Report 2012*

S. No.	Cetrogies of Shares Holders	Numbers	Shares Held	Percentage %
1	Associated Companies, Undertakings and Related Parties	2	4,181,575	27.93
	B.R.R. Guardian Modaraba		1,935,505	12.93
	First Dawood Investment Bank Limited		2,246,070	15.00
2	Mutual Funds	4	682,056	4.56
	National Bank of Pakistan Trustee Deptt.		663,832	4.43
	Investment Corporation of Pakistan		17,095	0.11
	IDBP (ICP UNIT)		629	-
	National Investment Trust (NDFC)		500	-
3	Directors, Executives and their Spouse(s) and Minor Children			
	Miss Tara Uzra Dawood		1,768,458	11.81
4	Banks, DFIs, NBFIs, Insurance Companies, Takaful, Modarabas and Pension Funds	20	3,973,771	26.54
5	Shareholders Holding 5% or More Voting Rights in the Listed Company	4	8,977,350	59.94
	Miss Tara Uzra Dawood		1,768,458	11.81
	B.R.R. Guardian Modaraba		1,935,505	12.93
	First Dawood Investment Bank Limited		2,246,070	15.00
	The Bank of Khyber		2,246,055	15.00
	Mr. Ayaz Dawood		781,262	5.20



**FORM OF PROXY  
XXI ANNUAL GENERAL MEETING**

Dawood Capital Management Ltd.  
Karachi.

I/We \_\_\_\_\_ of \_\_\_\_\_ (full address)

being a member of Dawood Capital Management Limited Folio # \_\_\_\_\_ do hereby appoint

Mr./Ms. \_\_\_\_\_ Folio # \_\_\_\_\_

of \_\_\_\_\_ (full address) (or failing him)

Mr./Ms. \_\_\_\_\_ Folio # \_\_\_\_\_

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 XXI Annual General Meeting of the Company to be held on October 18, 2012 at 09:00 hours and to every adjournment thereof.

And witness my/our hand/seal this \_\_\_\_\_ day of \_\_\_\_\_ 2012, signed by the said \_\_\_\_\_ in the presence of

Mr./Ms. \_\_\_\_\_

of \_\_\_\_\_ (full address)



\_\_\_\_\_  
Signature of Witness

\_\_\_\_\_  
Signature(s) and or Seal

**Important Notes :**

1. The share transfer books of the Company will remain closed from October 12, 2012 to October 18, 2012 (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 notarially 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. This signature on the Instrument of Proxy must conform 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 the Securities & Exchange Commission of Pakistan for attending the meeting.



**BOOK POST**



If undelivered, please return to:  
**DAWOOD CAPITAL MANAGEMENT LTD.**  
5B Lakson Square Building #1,  
Sarwar Shaheed Road, Karachi 74200.



**Managed by Dawood Capital Management Ltd.**



5B Lakson Square Building #1, Sarwar Shaheed Road, Karachi 74200  
Tel: (92-21) 3562-1001-7 Fax: (92-21) 3562-1010  
Email: [dcm@edawood.com](mailto:dcm@edawood.com)  
Website: [www.edawood.com](http://www.edawood.com)