



**DAWOOD**

**Dawood Capital Management Ltd.**

Manager of



**FIRST DAWOOD MUTUAL FUND**

**FINANCIAL STATEMENTS  
FOR THE QUARTER ENDED  
SEPTEMBER 30, 2012  
(Un-Audited)**

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## CORPORATE INFORMATION

<b>Management Company</b>	Dawood Capital Management Limited 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>Board of Directors</b>	Mrs. Shafqat Sultana Miss Tara Uzra Dawood Mr. Masood A. S. Wahedna Mr. Nazimuddin Feroz Syed Shabahat Hussain Mr. Gul Nawaz	Chairperson Chief Executive Officer Director Director Director Director	(Nominee of BoK) (Nominee of BRRGM) (Nominee of NIT)
<b>Chief Financial Officer &amp; Company Secretary</b>	Syed Kabiruddin		
<b>Head of Internal Audit &amp; Compliance Officer</b>	Mr. Muhammad Farooq		
<b>Audit Committee</b>	Mr. Gul Nawaz Mr. Masood A. S. Wahedna Syed Shabahat Hussain	Chairman Member Member	
<b>Human Resource Committee</b>	Mrs. Shafqat Sultana Mr. Gul Nawaz Miss Tara Uzra Dawood	Chairperson Member Member	
<b>Trustee</b>	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400		
<b>Auditors</b>	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants		
<b>Tax Advisor</b>	Mazher Associates Block A1-E-, Faiza Avenue, 11C-1, North Karachi.		
<b>Legal Adviser</b>	Bawaney & Partners 404, 4th Floor, Beaumont Plaza, 6-cl-10 Beaumont Road, Karachi.		
<b>Bankers</b>	Al Baraka Bank (Pakistan) Limited Buij Bank Limited Habib Metropolitan Bank Limited Silkbank Limited		
<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: 2-Star		
<b>AMC Rating</b>	PACRA: AM3-		

**DIRECTORS' REPORT  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

It gives me immense pleasure to present on behalf of the Board of Directors of **Dawood Capital Management Limited** ("DCM"/"the Company"), the Management Company of **First Dawood Mutual Fund** ("FDMF"/ "the Fund"), we present the un-audited financial statements for the first quarter ended September 30, 2012.

**Economic Outlook**

In order to meet rising fiscal deficit, the federal government intended to borrow a huge amount of Rs.1.6 trillion from banking sector during the first quarter (July-Sept) of current fiscal year 2012-2013 (FY13). On the geo-political front, resumption of NATO supplies and revival of Pak-US ties was one of the key highlights for the quarter as it paved the way for along awaited Coalition Support Fund. During the first quarter, inflation reached to single digit on month on month basis. Prices of petroleum remained mostly up during the quarter giving some push to the prices of general items but still the central bank found room to bring the discount rate down by 150 basis points. India overturned its ban on foreign investment from Pakistan in a move designed to build goodwill amid a renewed push for a peace settlement between the nuclear-armed neighbors. Power sector subsidies crossed Rs. 50 billion marked in the first two months of the current fiscal year against Rs. 134 billion budgeted for the entire year.

**Stock Market Review**

KSE-100 index made an impressive start and swiftly crossed the mark of 15,000 points in the mid of the quarter mainly on the back of strong financial results during the quarter. The easing tensions between United States and Pakistan provided some acceleration to the market along with improved external account outlook on the back of possible release of Coalition Support Fund payments which helped allay investor concerns and positive corporate announcements played its part. During the beginning of second month of the quarter investors remained cautious earlier in the month with all eyes were on the Monetary Policy Statement which according to various economist was expected to go down. The stock market continued its strong performance during the traditionally dull period during Eid holidays and managed to stay firmly above the 15,000-point barrier. During the very last week of the quarter market closed at 15,444.82 points with low volumes after investors adopted a cautious approach ahead of upcoming monetary policy announcement.

**Debt Market Review**

The prevailing instability in the economic conditions resulted in a volatile debt market though downward trajectory of the interest rate gave some breathing space to the debt market. Consecutive borrowing by the government from central bank left institutions stuck in a liquidity plight.

During the period under review, the overall debt market remained dejected though trading in few scripts observed at depressed prices to meet liquidity requirements. Defaults on NBFC debt instruments were the major cause of panic resulting in the downward revaluation of scripts at MUFAP coupled with huge losses and lost investors' confidence on mutual funds.

**Money Market Review**

The short term money market rates remained in the higher range during most part of the month owing to relatively tight liquidity position in the system with few exceptions where the market witnessed floors also. During this quarter as well, the SBP continued to inject sizeable amount through Open Market Operations. As the discount rate cut was expected during the

quarter so the entire curve shifted downward. In its last auction of T-bills, State Bank of Pakistan has accepted bids worth of PKR 283.00 billion out of the total received bids of PKR 461.99 billion where the cut-off rates have witnessed a slight decline on 3, 6 and 12 months T-bills.

**Fund Strategy**

To avoid the shocks of any financial crisis the strategy is to keep the fund more secure by investing mostly in sovereign securities and hold the debt instruments of GOP and corporations with strong financial position and better market reputation. Instruments with low ratings were disposed of to make the fund clean.

As per the trust deed fund is also maintaining its equity portfolio at the minimum required threshold by investing in blue chip items.

**Fund Performance**

As at September 30, 2012, net assets were Rs. 536.30 million as compared to Rs. 495.75 million as at June 30, 2012. Total Income for the period was Rs. 45.20 million as opposed to total loss of Rs. 4.98 million for the same period last year. The increase in income was mainly due to decrease in realized Loss on Sale of Investments at Fair Value through Profit or Loss to Rs. 5.11 million as compared to Rs. 48.41 million in the same period last year and also increase in mark-up/Interest income on financial instruments in the current period. Total expenses were 4.65 million as compared to Rs. 4.00 million in the same period last year.

The net income for the period was Rs. 40.55 million as opposed to loss of Rs. 8.97 million in the same period last year. The Net Asset Value (NAV) was Rs. 9.23 as at September 30, 2012.

**Acknowledgement**

The Directors thanks to the Securities & Exchange Commission of Pakistan and other regulatory bodies for their valuable support, assistance and guidance. The Board also thanks the employees of the Management Company and the Trustee for their dedication and hard work and the certificate holders for their confidence in the Management.

**For and Behalf of the  
Board of Directors**

**October 11, 2012  
Karachi.**

**Chairperson**

**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES  
AS AT SEPTEMBER 30, 2012**

	September 30, 2012	June 30, 2012
Note	Rupees (Un-Audited)	Rupees (Audited)
<b>Assets</b>		
Bank Balances	43,235,729	16,806,591
Investments	477,925,756	476,041,260
Mark-up/Interest Receivable	16,459,767	6,494,764
Advances, Deposits and Other Receivables	3,844,056	3,711,226
<b>Total Assets</b>	<b>541,465,307</b>	<b>503,053,841</b>
<b>Liabilities</b>		
Payable to Management Company	1,006,819	933,576
Payable to Trustee	73,749	70,594
Annual fee Payable to Securities and Exchange Commission of Pakistan	110,397	439,780
Accrued Expenses and Other Liabilities	3,531,878	5,414,986
Dividend Payable	446,903	446,903
<b>Total Liabilities</b>	<b>5,169,746</b>	<b>7,305,839</b>
<b>NET ASSETS</b>	<b>536,295,561</b>	<b>495,748,002</b>
<b>Certificate Holders' Equity</b>		
Issued, Subscribed and Paid-Up Capital	580,750,000	580,750,000
Accumulated Losses	(44,454,439)	(85,001,998)
	<b>536,295,561</b>	<b>495,748,002</b>
<b>Number of Certificates</b>	<b>58,075,000</b>	<b>58,075,000</b>
<b>Net Asset Value Per Certificate</b>	<b>9.23</b>	<b>8.54</b>
<b>Contingencies and Commitments</b>	5	

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Chief Executive Officer

Director

Director

**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	September 30, 2012	September 30, 2011
	Rupees	Rupees
<b>Income</b>		
Mark-Up/Interest Income on		
- Term Finance Certificates/Sukuks	4,626,442	155,659
- Government Securities	8,319,336	6,054,698
- Bank Balances	800,112	596,019
Loss on Sale of Investments at Fair Value through Profit or Loss	(5,110,363)	(48,406,478)
Dividend Income	25,000	261,790
Unrealised Appreciation in Value of Investment at Fair Value through Profit or Loss	36,539,448	36,360,724
<b>Total Income</b>	<b>45,199,975</b>	<b>(4,977,588)</b>
<b>Expenses</b>		
Remuneration of Dawood Capital Management Limited – Management Company	2,597,507	2,698,633
Sales tax on Management Fee	415,605	431,781
Remuneration of Central Depository Company of Pakistan Limited – Trustee	223,595	227,345
Annual Fee to Securities and Exchange Commission of Pakistan	110,397	114,693
Securities Transactions Cost	181,629	294,037
Auditors' Remuneration	58,750	59,575
Workers Welfare Fund	827,501	-
Bank Charges	3,903	4,416
Fees and Subscription	138,529	146,759
Printing Charges	95,000	18,000
<b>Total Expenses</b>	<b>4,652,416</b>	<b>3,995,239</b>
<b>Net Income/(Loss) for the Period</b>	<b>40,547,559</b>	<b>(8,972,827)</b>
<b>Income/(Loss) per Certificate</b>	<b>0.70</b>	<b>(0.15)</b>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Chief Executive Officer

Director

Director

**CONDENSED INTERIM STATEMENT OF  
COMPREHENSIVE INCOME (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	September 30, 2012 Rupees	September 30, 2011 Rupees
Net Income/(Loss) for the Period	40,547,559	(8,972,827)
Other Comprehensive Income	-	-
<b>Total Comprehensive Income/(Loss) for the Period</b>	<u>40,547,559</u>	<u>(8,972,827)</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

	September 30, 2012 Rupees	September 30, 2011 Rupees
<b>Accumulated Losses Brought Forward</b>		
- Realised Gain	82,447,938	52,000,754
- Unrealised Loss	<u>(167,449,936)</u>	<u>(83,038,192)</u>
	<u>(85,001,998)</u>	<u>(31,037,438)</u>
Final Distribution in the form of Cash Dividend for the Year ended June 30, 2011 @ 3.3% (June 30, 2010: Nil)	-	(19,164,750)
Net Income/(Loss) for the Period	40,547,559	(8,972,827)
<b>Accumulated Losses Carried Forward</b>	<u>(44,454,439)</u>	<u>(59,175,015)</u>
<b>Represented By:</b>		
- Realised Gain	26,859,687	4,395,374
- Unrealised Loss	<u>(71,314,126)</u>	<u>(63,570,389)</u>
	<u>(44,454,439)</u>	<u>(59,175,015)</u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Chief Executive Officer

Director

Director

For Dawood Capital Management Limited  
(Management Company)

Chief Executive Officer

Director

Director

**CONDENSED INTERIM STATEMENT OF MOVEMENT IN  
EQUITY AND RESERVES (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	September 30, 2012 Rupees	September 30, 2011 Rupees
<b>Net Asset Value Per Certificate at the Beginning of the Period</b>	8.54	9.47
Loss on Sale of Investments at Fair Value through Profit or Loss	<b>(0.09)</b>	(0.83)
Profit on Term Finance Certificates/Sukuks	<b>0.08</b>	0.00
Profit on Government Securities	<b>0.14</b>	0.10
Dividend Income	<b>0.00</b>	0.00
Profit on Bank Balances	<b>0.01</b>	0.01
Other Net Operating Expenses	<b>(0.08)</b>	(0.08)
	<b>0.06</b>	(0.79)
Less: Cash Dividend for the year ended June 30, 2011 @ 3.30% (June 30, 2010: Nil)	-	0.33
	<b>8.60</b>	8.35
Unrealized Gain on Remeasurement of Investments Classified as Financial Assets at Fair Value through Profit or Loss - Net	<b>0.63</b>	0.63
<b>Net Asset Value Per Certificate at the End of the Period</b>	<b>9.23</b>	8.98

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Chief Executive Officer

Director

Director

**CONDENSED INTERIM STATEMENT OF  
CHANGES IN EQUITY (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	Issued, Subscribed and Paid-Up Certificate Capital	Unappropriated Losses	Total
	Rupees		
<b>Balance as at July 01, 2011</b>	580,750,000	(31,037,438)	549,712,562
Total Comprehensive Loss for the Period	-	(8,972,827)	(8,972,827)
Final distribution in the form of cash dividend for the year ended June 30, 2011 @ 3.3% (June 30, 2010: Nil)	-	(19,164,750)	(19,164,750)
<b>Balance as at September 30, 2011</b>	580,750,000	(59,175,015)	521,574,985
<b>Balance as at July 01, 2012</b>	580,750,000	(85,001,998)	495,748,002
Total Comprehensive Income for the Period	-	40,547,559	40,547,559
<b>Balance as at September 30, 2012</b>	580,750,000	(44,454,439)	536,295,561

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Chief Executive Officer

Director

Director

**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

	September 30, 2012	September 30, 2011
	Rupees	Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net Income/(Loss) for the Period	40,547,559	(8,972,827)
<b>Adjustments for:</b>		
Mark-up/Interest Income on		
- Term Finance Certificates/Sukuks	(4,626,442)	(155,659)
- Government Securities	(8,319,336)	(6,054,698)
- Bank Balances	(800,112)	(596,019)
Dividend Income	(25,000)	(261,790)
Loss on Sale of Investments at Fair Value through Profit or Loss	5,110,363	48,406,478
Unrealised (Gain) on revaluation of Investments		
Classified as Fair Value through Profit or Loss	(36,539,448)	(36,360,724)
	<u>(45,199,975)</u>	<u>4,977,588</u>
	<u>(4,652,416)</u>	<u>(3,995,239)</u>
<b>(Increase)/Decrease in Assets</b>		
Advances, Deposits and Other Receivables	(1,901,837)	5,038,321
Investments	<u>29,544,589</u>	<u>7,486,444</u>
	<u>27,642,752</u>	<u>12,524,765</u>
<b>Increase/(Decrease) in Liabilities</b>		
Payable to Management Company	73,243	73,023
Payable to Trustee	3,155	(2,746)
Annual fee Payable to Securities and Exchange Commission of Pakistan	(329,383)	(342,323)
Preliminary Expenses Payable	-	-
Accrued Expenses and Other Liabilities	<u>(1,883,108)</u>	<u>2,047,658</u>
	<u>(2,136,093)</u>	<u>1,775,612</u>
Cash Generated from Operations	<u>20,854,243</u>	<u>10,305,138</u>
Profit Received on Term Finance Certificates/Sukuks	3,956,808	1,551,354
Profit Received on Treasury Bills	1,080,782	6,054,698
Profit Received on Bank Balances	489,805	529,711
Dividend Income Received	<u>47,500</u>	<u>976,450</u>
Net Cash Inflow from Operating Activities	<u>26,429,138</u>	<u>19,417,351</u>
Net Increase in Cash and Cash Equivalents	<u>26,429,138</u>	<u>19,417,351</u>
Cash and Cash Equivalents at Beginning of the Period	<u>16,806,591</u>	<u>26,309,731</u>
<b>Cash and Cash Equivalents at End of the Period</b>	<u><u>43,235,729</u></u>	<u><u>45,727,082</u></u>

The annexed notes from 1 to 13 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited  
(Management Company)

Chief Executive Officer

Director

Director

**NOTES TO THE CONDENSED INTERIM  
FINANCIAL STATEMENTS (UN-AUDITED)  
FOR THE QUARTER ENDED SEPTEMBER 30, 2012**

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

1.1 First Dawood Mutual Fund (FDMF) was established under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (NBFC Rules). Formation of FDMF as closed end fund was authorized by Securities and Exchange Commission of Pakistan (SECP) on 28 January 2005. It has been established under Trust Deed, dated 08 December 2004, between Dawood Capital Management Limited as the Management Company, a listed Company incorporated under the Companies Ordinance, 1984 with registered office at 5B Lakson Square Building No.1, Sarwar Shaheed Road Karachi, Pakistan and Central Depository Company of Pakistan Limited, as the Trustee, a public limited company incorporated under the Companies Ordinance, 1984 duly approved by SECP. FDMF is listed on Karachi Stock Exchange. The certificates of FDMF were offered for public subscription from March 21, 2005 to March 22, 2005. FDMF started investing activities from February 25, 2005.

1.2 The policy of the fund is to invest in a mix of traded securities covering debt, equity, money market transactions (such as financing arrangements under Margin Trading System and inter-bank placements. Etc.).

1.3 Titles to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a trustee of the Fund.

1.4 Asset Manager Rating (AMR) of Management Company is 'AM3-' and that of Fund is 2 star, rated by Pakistan Credit Rating Agency (PACRA).

1.5 According to clause 65 of the Non-Banking Finance Companies and Notifies Entities Regulations, 2008 (NBFC Regulations), a closed-end fund shall, upon expiry of every five years from November 21, 2007 or the date of launch of the fund whichever is later, hold a meeting of certificate holders within one month of such period to seek approval of the certificate holders (by special resolution), to convert into an open-end scheme or revoke the closed-end scheme.

A meeting of certificate holders will be held in this regard on 20th December 2012.

Hence, the future operations of the Fund are dependent on the above referred approval from the certificate holders of the Fund. However, the management believes that the winding up of the Fund will not have any material impact on the carrying amounts of assets and liabilities for the reason that such values are not materially different from the expected realisable/settlement amounts of the assets and liabilities of the Fund. Accordingly, these financial statements have been prepared on a going concern basis.

**2. BASIS OF PREPARATION**

**2.1 Statement of Compliance**

These condensed interim financial statements have been prepared in accordance with the requirement of approved accounting standards as applicable in Pakistan for interim financial reporting, the Trust Deed, the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by the Securities and Exchange Commission of Pakistan (SECP). Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or directives issued by SECP differ with the requirements of IFRSs, the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by SECP shall prevail.



The disclosure in these condensed interim financial statements are presented in accordance with International Accounting Standard 34 "Interim Financial Reporting" and do not contain all the information required for full annual financial statements. Consequently, these condensed interim financial statements should be read in conjunction with the financial statements of the Fund as at and for the period ended June 30, 2012.

These condensed interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in equity and reserves, condensed interim statement of changes in equity and condensed interim cash flow statement together with the notes forming part thereof. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2012. Comparative information of the condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in equity and reserves, condensed interim statement of changes in equity and condensed interim cash flow statement for the quarter ended September 30, 2011 are un-audited and have been included to facilitate comparison.

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

**2.3** These condensed interim financial statements are being submitted to the Certificate holders as required under Regulation 38(g) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (NBFC Regulations).

#### **2.4 Basis of Measurement**

These condensed interim financial statements have been prepared under the historical cost convention, except that investments which are stated at fair value.

#### **2.5 Functional and Presentation Currency**

These condensed interim financial statements are presented in Pak Rupees which is the functional and presentation currency of the Fund.

#### **2.6 Critical Accounting Estimates and Judgments**

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

In preparing this condensed interim financial statements, the significant judgments made by management in applying the Fund's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended June 30, 2012. The Fund's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2012.

### **3. SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies and methods of compliance adopted for the preparation of these condensed interim financial statements are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2012.

### **4. INVESTMENTS**

#### **At Fair Value through Profit or Loss**

	Note	September 30, 2012 Rupees (Un-Audited)	June 30, 2012 Rupees (Audited)
Listed Equity Securities	4.1	151,187,654	167,516,374
Government Securities	4.2	293,915,000	272,898,880
Listed Term Finance Certificates and Sukuks	4.3	7,765,198	9,764,442
Unlisted Term Finance Certificates and Sukuks	4.4	25,057,904	25,861,564
		<u>477,925,756</u>	<u>476,041,260</u>



**4.1 At Fair Value through Profit or Loss  
Listed Equity Securities**  
All shares/certificates have a nominal value of Rs 10 each, unless otherwise stated.

Quoted	No. of Scripts				Rupees			Percentage of Net Assets on the Basis of Market Value	Percentage of Total Investments on the Basis of Market Value	
	Opening Balance as at 01 July 2012	Purchase During the Period	Bonus/ Right Issue	Sold During the Period	Closing Balance as 30 September 2012	Cost as at 30 September 2012	Market Value as at 30 September 2012			Appreciation/ (Diminution)
<b>OIL AND GAS</b>										
Attock Refinery Limited	10,000	27,500	-	32,500	5,000	638,500	635,100	(3,400)	0.12	0.13
Byco Petroleum Pak Limited	350,000	32,500	-	382,500	-	-	-	-	-	-
National Refinery Limited	39,000	13,500	-	52,500	-	-	-	-	-	-
Pakistan Oilfields Limited	10,000	17,900	-	27,900	-	-	-	-	-	-
Pakistan Petroleum Limited	10,000	25,000	-	30,000	5,000	887,121	879,650	(7,471)	0.16	0.18
Pakistan State Oil Company Limited	5,000	2,500	-	7,500	-	-	-	-	-	-
Shell Pakistan Limited	100,000	3,000	-	35,500	67,500	13,747,700	8,743,950	(5,003,750)	1.63	1.83
<b>CHEMICALS</b>										
Arif Habib Corporation	50,000	55,000	-	105,000	-	-	-	-	-	-
Engro Corporation Limited	-	15,000	-	10,000	5,000	537,000	533,850	(3,150)	0.10	0.11
Fatima Fertilizer Company Limited	50,000	10,000	-	60,000	-	-	-	-	-	-
Fauji Fertilizer Bin Qasim Limited	-	120,000	-	60,000	60,000	2,293,803	2,143,800	(150,003)	0.40	0.45
Fauji Fertilizer Company Limited	10,000	20,000	-	30,000	-	-	-	-	-	-
ICI Pakistan Limited	5,000	-	-	5,000	-	-	-	-	-	-
Lotte Pakistan PTA	100,000	-	-	100,000	-	-	-	-	-	-
<b>CONSTRUCTION AND MATERIALS (CEMENT)</b>										
Alko Nobel Pakistan Limited	-	1,673	-	1,673	-	-	-	-	-	-
D.G.Khan Cement Limited	125,000	185,000	-	310,000	-	-	-	-	-	-
Fecto Cement Limited	-	5,000	-	-	5,000	127,500	127,350	(150)	0.02	0.03
Lafarge Pakistan Cement Limited	-	140,000	-	140,000	-	-	-	-	-	-
Lucky Cement Company Limited	25,000	99,400	-	109,400	15,000	1,983,827	1,997,100	13,473	0.37	0.42
Maple Leaf Cement Limited	-	35,000	-	35,000	-	-	-	-	-	-
<b>BEVERAGES</b>										
Muree Brewery Company Limited	45,093	-	-	-	45,093	1,708,361	6,335,567	4,627,206	1.18	1.33
<b>FOOD PRODUCERS</b>										
Engro Foods Limited	10,000	35,000	-	40,000	5,000	357,500	350,200	(7,300)	0.07	0.07
<b>PERSONAL GOODS (TEXTILE)</b>										
Azgard Nine Limited (Pref) 8.95%	506,932	-	-	-	506,932	5,017,866	-	(5,017,866)	-	-
Nishat (Chunian) Limited	25,000	25,000	-	50,000	-	-	-	-	-	-
Nishat Mills Limited	25,000	15,000	-	40,000	-	-	-	-	-	-

Quoted	No. of Scripts				Rupees			Percentage of Net Assets on the Basis of Market Value	Percentage of Total Investments on the Basis of Market Value	
	Opening Balance as at 01 July 2012	Purchase During the Period	Bonus/ Right Issue	Sold During the Period	Closing Balance as 30 September 2012	Cost as at 30 September 2012	Market Value as at 30 September 2012			Appreciation/ (Diminution)
<b>PHARMA AND BIO TECH</b>										
GlaxoSmithKline Pakistan Limited	330,000	-	-	-	330,000	28,150,314	22,727,100	(5,423,214)	4.24	4.76
Otsuka Pakistan Limited	257,501	-	-	-	257,501	10,880,066	12,102,547	1,222,481	2.26	2.53
<b>FIXED LINE TELECOMMUNICATION</b>										
Calmatel Telpis Telecom Limited	213,221	-	-	-	213,221	12,095,484	-	(12,095,484)	-	-
Pakistan Telecommunication Company Limited	-	100,000	-	75,000	25,000	483,749	484,750	1,001	0.09	0.10
Telecard Limited	-	25,000	-	-	25,000	91,000	81,750	(9,250)	0.02	0.02
<b>ELECTRICITY</b>										
Hub Power Company Limited	50,000	-	-	50,000	-	-	-	-	-	-
Karachi Electric Supply Company	50,000	-	-	50,000	-	-	-	-	-	-
<b>COMMERCIAL BANKS</b>										
Askari Bank Limited	25,000	-	-	25,000	-	-	-	-	-	-
Bank Al-Falah Limited	-	25,000	-	-	25,000	395,000	389,000	(6,000)	0.07	0.08
Faysal Bank Limited	25,000	-	-	25,000	-	-	-	-	-	-
Habib Metropolitan Bank Limited	140,239	-	-	19,500	120,739	2,270,765	2,118,969	(151,796)	0.40	0.44
National Bank Of Pakistan	22,000	28,000	-	50,000	-	-	-	-	-	-
<b>NON LIFE INSURANCE</b>										
Pakistan Reinsurance Company Limited	467,520	-	-	25,000	442,520	11,504,796	9,186,715	(2,318,081)	1.71	1.92
<b>LIFE INSURANCE</b>										
American Life Insurance Company Limited	1,495,037	-	-	-	1,495,037	28,119,042	32,457,253	4,338,211	6.05	6.79
Beema Pakistan Company Limited	35,500	-	-	-	35,500	73,825	-	(73,825)	-	-
Jubilee Life Insurance Company Limited (formerly New Jubilee Life Insurance Company Limited)	572,500	-	-	-	572,500	17,098,586	44,655,000	27,556,414	8.33	9.34
<b>FINANCIAL SERVICES</b>										
Dawood Equities Limited	1,000,000	-	-	2,000	998,000	12,383,412	1,836,320	(10,547,092)	0.34	0.38
<b>EQUITY INVESTMENT INSTRUMENTS</b>										
B.R.R. Guardian Modaraba - a Related Party	1,141,498	-	-	-	1,141,498	8,727,501	3,401,683	(5,325,818)	0.63	0.71
					159,572,518	151,187,654	(8,384,864)	28.19	31.63	

#### 4.2 Government Securities

Type of Instrument	Issue Date	Tenor	Face Value						Percentage of Net Assets on the Basis of Market Value			
			As at 01 July 2012	Purchased During the Period	Sold During the Period	Matured During the Period	As at September 30, 2012	Cost as at 30 September 2012		Market Value as at 30 September 2012	Unrealised Gain / (Loss)	
Market	6-Oct-2011	6 Months	132,000,000	-	-	132,000,000	-	-	-	-	-	-
Treasury Bills	26-Jan-2012	3 Months	1,300,000	-	-	1,300,000	-	-	-	-	-	-
	23-Feb-2012	3 Months	83,000,000	-	-	83,000,000	-	-	-	-	-	-
Gov- Jara Sukuk	28-Jun-2012	3 Years	175,000,000	-	-	175,000,000	-	175,000,000	177,382,500	2,382,500	33,017	37.11
	28-Jun-2012	3 Years	-	115,000,000	-	115,000,000	-	115,425,300	116,592,500	1,127,000	21,73	24.39
								290,425,300	293,915,000	3,489,500	51.80	61.50

4.2.1 The GOP Jarah Sukuk carries markup of 11.9368% per annum with coupon payments due on half yearly basis and will mature by 28 June 2015.

#### 4.3 Listed Term Finance Certificates and Sukuks

Name of Security	Note	As at 01 July 2012	Purchased During the Period	Sold During the Period	Matured During the Period	As at 30 Sept., 2012	Cost as at 30 Sept., 2012	Market Value as at 30 Sept., 2012	Unrealised Gain / (Loss) (Impairment)	Percentage of Net Assets on the Basis of Carrying Value
Number of Certificates										
Rupees										
Financial Services										
Escort Investment Bank Limited (15-03-07)		1,000	-	-	-	1,000	999,192	736,760	(262,432)	0.14
Trust Investment Bank Limited (04-07-08)		5,000	-	-	-	5,000	9,371,250	7,028,438	(2,342,813)	1.31
Real Estate Investment and Services										
Pace (Pakistan) Limited (15-02-08)	4.3.1	2,000	-	-	-	2,000	9,988,000	-	(9,988,000)	-
Telecommunication										
Telecard Limited (27-05-05)	4.3.2	3,715	-	-	-	3,715	6,818,728	-	(6,818,728)	-
<b>Total</b>						<b>27,177,170</b>	<b>7,765,198</b>	<b>(19,411,972)</b>	<b>1.45</b>	<b>1.62</b>

4.3.1 Pace (Pakistan) Limited defaulted on its payment of principal and markup due on 21 August 2011. Consequently, the security was classified as non-performing by MUFAP on 05 September 2011 and accrual on the same was suspended. Considering the repayment history and financial uncertainty, the security has been fully provided on April 30, 2012 with the approval of the Board.

4.3.2 Telecard Limited defaulted on its payment of principal and markup due on 28 May 2011. Consequently, the security was classified as non-performing by MUFAP on 13 June 2011 and accrual on the same was suspended. Considering the repayment history and financial uncertainty, the security has been fully provided on April 30, 2012 with the approval of the Board.

#### 4.4 Unlisted Term Finance Certificates and Sukuks

Name of Security	Note	As at 01 July 2012	Purchased During the Period	Sold During the Period	Matured During the Period	As at 30 Sept., 2012	Cost as at 30 Sept., 2012	Market Value as at 30 Sept., 2012	Unrealised Gain / (Loss) (Impairment)	Percentage of Net Assets on the Basis of Carrying Value
Number of Certificates										
Rupees										
Term Finance Certificates										
Cable & Electric Goods										
New Allied Electronics Industries Limited (15-05-07)	4.4.1	3,417	-	-	-	3,417	7,222,749	-	(7,222,749)	-
Hotels										
Avani Hotel Limited. (30-04-09)		507	-	-	-	507	2,151,167	2,133,005	(18,162)	0.37
<b>Sukuks</b>						<b>9,373,916</b>	<b>2,133,005</b>	<b>(7,240,911)</b>	<b>0.37</b>	<b>0.45</b>
Financial Services										
Invest Capital Investment Bank limited (12-05-08)		5,000	-	5,000	-	-	-	-	-	-
BR R Guardian Modaraba (Sukuk) (07-05-08) – a related party	4.4.2	5,000	-	-	-	5,000	23,906,250	17,925,688	(5,976,563)	3.34
Textile										
Amtext Limited	4.4.3	6,000	-	-	-	6,000	22,500,000	-	(22,500,000)	-
Construction and Materials (Cement)										
Kohat Cement Company Limited (20-12-07)	4.4.4	5,000	-	-	-	5,000	6,660,281	4,995,212	(1,665,069)	0.93
Maple Leaf Cement Limited (03-12-07)	4.4.5	12,110	-	-	-	12,110	52,858,696	-	(52,858,696)	-
Maple Leaf Cement Limited (Additional Sukuk) (31-03-10)	4.4.6	454	-	-	-	454	1,765,556	-	(1,765,556)	-
<b>Total</b>						<b>107,690,783</b>	<b>22,924,899</b>	<b>(84,765,884)</b>	<b>4.27</b>	<b>4.80</b>
						<b>117,064,659</b>	<b>25,057,904</b>	<b>(92,006,795)</b>	<b>4.64</b>	<b>5.24</b>

- 4.4.1 New Allied Electronics Industries Limited defaulted on its payment of principal and markup due on 25 December 2008. Consequently, the security was classified as non-performing by MUFAP on 09 January 2009 and accrual on the same was suspended. Accordingly, the security has been fully provided in accordance with the requirements of SECP's circular No. 1 of 2009 and the Board's approved provisioning policy.
- 4.4.2 ICIBL has offered options to either settle or restructure the payment of outstanding amount, however, On July 31, 2012 the Management Company opted for settlement and entered into an agreement for settlement of sukuk in full and final settlement of the entire outstanding principal amounting to Rs. 19,461,809/- against cash payment of 25% of the outstanding principal amount. There will be no profit charged on this amount for the period commencing September 12, 2010 onwards.
- 4.4.3 Amtex Limited (Sukuk) defaulted on its payment of principal and markup due on 22 December 2010. Consequently, the security was classified as non-performing by MUFAP on 06 January 2011 and accrual on the same was suspended. Accordingly, the security has been fully provided in accordance with the requirements of SECP's circular No. 1 of 2009 and the Board's approved provisioning policy.
- 4.4.4 Last Year, the Sukuk issued by Kohat Cement Company Limited was restructured. As per the revised terms:
- From September 2012 current markup will be paid on the respective due dates
  - From September 2014 payment of frozen markup will be started. All the accumulated balance in the frozen account will be paid off till June 2016.
  - The current markup rate will be 3 months KIBOR plus 1.5%.
- The Company has been regular on its payments as per the restructuring agreement.
- 4.4.5 Maple Leaf Cement Factory (MLCF) defaulted on the installment due on 03 September 2011 as per the restructured agreement. Consequently, the security was classified as non-performing by MUFAP on 19 September 2011 and accrual on the same has been suspended. Considering the repayment history and financial uncertainty, the security has been fully provided on April 30, 2012 with the approval of the Board.
- 4.4.6 This represents additional sukuks of MLCF received by the Fund through restructuring agreement reached between lenders and MLCF. Under such agreement outstanding mark up due on 03 December 2009 amounting to Rs. 4.69 million was settled partially in cash and partially in the form of sukuks certificates valuing Rs. 2.27 million. The sukuk accrues markup on 3 month KIBOR + 100 basis points per annum. MUFAP declared non-performing on January 17, 2012. Considering the repayment history and financial uncertainty, the security has been fully provided on April 30, 2012 with the approval of the Board.

	Note	September 30, 2012 Rupees (Un-Audited)	June 30, 2012 Rupees (Audited)
<b>5. CONTINGENCIES AND COMMITMENTS</b>			
There were no contingency and commitment to report as at September 30, 2012.			
<b>6. Net Unrealized Appreciation/(Diminution) in the Value of Investments Classified as 'at Fair Value Through Profit or Loss'</b>			
Unrealized Gain on Listed Securities	6.1	27,574,977	57,533,526
Unrealized Gain/(Loss) on Term Finance Certificates		5,454,633	(71,287,262)
Unrealized Gain on Revaluation of Government Securities		3,509,838	1,283
		<u>36,539,448</u>	<u>(13,752,453)</u>
<b>6.1 Market Value of Marketable Securities Classified as Fair Value</b>			
Through Profit and Loss – Held for Trading		151,187,654	167,516,374
Less: Cost of Marketable Securities Classified as Fair Value			
Through Profit and Loss - Held for Trading		<u>(159,572,518)</u>	<u>(203,476,212)</u>
		<u>(8,384,864)</u>	<u>(35,959,838)</u>
Add: Realized on Disposal During the Period		71,919,679	186,986,728
Net Unrealized Appreciation/(Diminution) in the Market Value of Securities Classified as Fair Value Through Profit and Loss-Held for Trading at the Beginning of the Year			
		<u>(35,959,838)</u>	<u>(93,493,364)</u>
Net Unrealized Appreciation in the Market Value During the Period			
		<u>27,574,977</u>	<u>57,533,526</u>
<b>7. SALES TAX ON MANAGEMENT FEE</b>			
During the current period, an amount of Rs. 0.416 million (30 September 2011: Rs. 0.432) was charged on account of sales tax on management fee levied through Sindh Sales Tax on Services Act, 2011.			

#### 8. EARNING PER CERTIFICATE - BASIC & DILUTED

	September 30, 2012 Rupees	September 30, 2011 Rupees
Net Income/(Loss) for the Period	<u>40,547,559</u>	<u>(8,972,827)</u>
	-----Number of Certificate-----	
Weighted Average Number of Ordinary Certificates Outstanding During the Period	<u>58,075,000</u>	<u>58,075,000</u>
	-----Rupees-----	
Basic Earning/(Loss) per Certificate	<u>0.70</u>	<u>(0.15)</u>

#### 9. WORKERS' WELFARE FUND

Through the Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment it appears that WWF Ordinance has become applicable to all Collective Investment Schemes (CISs) whose income exceeds Rs. 0.5 million in a tax year. A petition has been filed with the Honourable High Court of Sindh by some of Collective Investment Schemes (CISs) through their Trustee on the grounds that the CIS (mutual funds) are not establishments and as a result not liable to pay contribution to WWF.

Subsequently, the Ministry of Labour and Manpower (the Ministry) vide its letter dated 15 July 2010 clarified that "Mutual Fund(s) is a product which is being managed / sold by the Asset Management Companies which are liable to contribute towards Workers Welfare Fund under Section-4 of WWF Ordinance 1971. However, the income on Mutual Fund(s), the product being sold, is exempted under the law ibid".

Further, the Secretary (Income Tax Policy) Federal Board of Revenue (FBR) issued a letter dated 6 October 2010 to the Members (Domestic Operation) North and South FBR. In the letter reference was made to the clarification issued by the Ministry of Labour and Manpower stating that mutual funds are a product and their income are exempted under the law ibid. The Secretary (Income Tax Policy) Federal Board of Revenue directed that the Ministry's letter may be circulated amongst field formations for necessary action. Following the issuance of FBR Letter, show cause notice which had been issued by taxation office to certain mutual funds for payment of levy under WWF were withdrawn. However, the Secretary (Income Tax Policy) Federal Board of Revenue vide letter 4 January 2011 has cancelled ab-initio clarificatory letter dated 6 October 2010 on applicability of WWF on mutual funds and issued show cause notices to certain mutual funds for collecting WWF. In respect of such show cause notices, certain mutual funds have been granted stay by Honourable High Court of Sindh on the basis of the pending constitutional petition in the said court as referred above.

During 2011, the Honourable Lahore High Court in a Constitutional Petition relating to the amendments brought in WWF Ordinance through the Finance Act 2006, and the Finance Act, 2008, has declared the said amendments as unlawful and unconstitutional. Further, during the year, based on such decision of Honourable High Court, the Commissioner of Inland Revenue (Appeals - II) have declared the WWF demand raised by tax authorities against certain mutual funds managed by Asset Management Companies as illegal and without jurisdiction. The management company believes that the decision of the Honourable Lahore High Court, will lend further support to the Constitutional Petition which is pending in the Honourable High Court of Sindh. Further, based on the opinion from legal counsel of Mutual Funds Association of Pakistan (MUFAP), there are good chances for the Constitutional Petition to be decided in favour of the mutual funds and accordingly mutual funds need not to make a provision regarding WWF in their financial statements.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, the management company as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 2.154 million up to 30 September 2012. If the same were not made, the NAV per certificate would be higher by Re. 0.04 per Certificate.

#### 10. TRANSACTIONS WITH RELATED PARTIES/CONNECTED PERSONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions and include investment advisor, associated companies and key management personnel and their family members.

Transactions with the related parties are executed substantially on the same terms, including mark up rates and collateral, as those prevailing at the time for comparable transactions with unrelated parties and do not involve more than a normal risk (i.e. under the comparable uncontrolled price method).

Remuneration of investment advisor and trustees are determined in accordance with the respective agreement and deed.

Details of transactions with related parties and balances with them as at the period-end were as follows:

	September 30, 2012 Rupees (Un-Audited)	June 30, 2012 Rupees (Audited)
<b>Management Company</b>		
Balances at the Beginning of the Period	933,576	935,229
Remuneration for the Period	2,597,507	10,347,773
Sales Tax on Management Fee	415,605	1,655,648
Remuneration Paid During the Period	<u>(2,939,869)</u>	<u>(12,005,074)</u>
Balances at the End of the Period	<u>1,006,819</u>	<u>933,576</u>

	September 30, 2012 Rupees (Un-Audited)	June 30, 2012 Rupees (Audited)
<b>Trustee</b>		
Balances at the Beginning of the Period	70,594	76,448
Remuneration for the Period	223,595	887,654
Remuneration Paid During the Period	<u>(220,440)</u>	<u>(893,508)</u>
Balances at the End of the Period	<u>73,749</u>	<u>70,594</u>

#### 11. 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)

	30 September 2012 (Un-Audited)			30 June 2012 (Audited)		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
	----- Rupees -----					
At Fair Value Through Profit or Loss						
- Listed Maretable Securities	151,187,654	-	-	167,516,374	-	-
- Term Finance Certificates and Sukuks	-	32,823,102	-	-	35,626,006	-
- Government Securities	-	293,915,000	-	-	272,898,880	-
	<u>151,187,654</u>	<u>326,738,102</u>	<u>-</u>	<u>167,516,374</u>	<u>308,524,886</u>	<u>-</u>

#### 12. DATE OF AUTHORISATION FOR ISSUE OF FINANCIAL STATEMENTS

These condensed interim financial statements have been authorised for issue on October 11, 2012 by the Board of Directors of the Management Company.

#### 13. GENERAL

Figures have been rounded off to nearest rupee.

**For Dawood Capital Management Limited  
(Management Company)**

**Director**

**Chief Executive Officer**

**Director**

**BOOK POST**

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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)