



DAWOOD EQUITIES LIMITED

ANNUAL REPORT

2008



DAWOOD EQUITIES LIMITED

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DAWOOD EQUITIES LIMITED

## CORPORATE INFORMATION

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Chairman	Haji Abdul Ghani
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Chief Executive Officer / Director	Mr. Muhammad Munir Issani
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Directors	Mr. Abdul Qadir Sakhi Mr. Muhammad Ayub Mr. Muhammad Saleem Munshi Mr. Abdul Aziz Habib Mr. Junaid Zakaria Dada
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Chief Financial Officer	Mr. Bilal Khaliq
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Company Secretary	Syed Nazeer Haider Zaidi
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Audit Committee	Mr. Abdul Aziz Habib -Chairman Mr. Muhammad Saleem Munshi-Member Mr. Abdul Qadir Sakhi-Member
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Auditors	BDO Ebrahim & Company Chartered Accountants
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Internal Auditors	Anjum Asim Shahid Rehman Chartered Accountant
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Legal Adviser	Rauf & Ghaffar Law Associates
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Bankers	Bank Al Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited Allied Bank Limited Bank Islami Pakistan Limited Dawood Islamic Bank Limited Arif Habib Bank Limited MCB Bank Limited
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Web Site	<a href="http://www.dawoodequities.com">www.dawoodequities.com</a>
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Registered Office	1700-A, Saima Trade Towers, I.I.Chundrigar Road, Karachi. Phone No. : 021-2275256-8 Fax No. : 021-2275255
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Registrar	F.D. Registrar (SMC-Pvt.) Ltd.1705, Saima Trade Tower A, I.I.Chundrigar Road, Karachi.
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DAWOOD EQUITIES LIMITED

## Mission

Our mission is to become a competitive, dynamic and growing brokerage house that provides competitive services, identifies investment opportunities and develops research based data and information.

## Vision

Our vision is to be leader of "Brokerage Industry" in Pakistan with a passion to endeavor maximum business opportunities. We strive to deliver results and perform to the highest standards.

## Corporate Strategy

- Maintaining highest standards of integrity, honesty and ethics.
- Building a long lasting relationship with the customers.
- Offering the best services to fulfill the needs of clients to their satisfaction.
- To develop strengths by providing research based data and information to the customers, enabling them to make better investment decision.
- Providing growth and development opportunities to the management and staff of the company.
- Maintaining financial discipline and adhering to professional and moral codes.



DAWOOD EQUITIES LIMITED

## Core Values

Our values based upon the fundamental principles that create value for our Investors and shareholders.

### 1 Excellence

The market in which we operate is increasing and competitive. Only through best services we offer to the Investors to be successful and grow.

### 2 Integrity

Our success depends upon the performance of the company by maintaining highest level of integrity, honesty and ethics.

### 3 Customer Focus

We need to understand our investors and shareholders need. We must strive always to put the satisfaction of our investors first.

### 4 Meritocracy

We believe in giving opportunities and advantages to our employees on the basis of their ability and performance. We believe in rewarding achievement and in providing first class career opportunities for all.



DAWOOD EQUITIES LIMITED

## NOTICE OF ANNUAL GENERAL MEETING (AGM III)

Notice is hereby given that the 3rd Annual General Meeting of Dawood Equities Limited will be held at its Registered Office, 1700-A, Saima Trade Towers, I. I.Chundrigar Road, Karachi on Tuesday, October 28, 2008 at 2.00 p.m. to transact the following business:

### Ordinary Businesses

1. To confirm the minutes of last Annual General Meeting held on October 31, 2007.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2008 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of Auditors for the year 2008-09 and to fix their remuneration. A notice has been received from one of the shareholders of the Company u/s 253(1) of the Companies Ordinance, 1984 proposing the name of Haroon Zakaria & Company, Chartered Accountants in place of retiring auditors. The retiring auditors BDO Ebrahim & Company Chartered Accountants, being eligible, have also given their consent for reappointment.

### Special Business:

4. To seek the consent of shareholders for transaction of quarterly accounts through website in compliance with section 245 of the Companies Ordinance, 1984 and Securities & Exchange Commission of Pakistan's (SECP'S) circular No. 19 of 2004 and if deemed fit pass the following resolution.
5. To consider and approve special resolution for Investment in proposed Subsidiary Company to be incorporated with the object to obtain membership in Commodity Exchange under section 208 having investment of Rupees 50 Million.
6. Any other Business with the permission of the Chair.

A statement under section 160(1)(b) of the Companies Ordinance, 1984 setting forth all material facts including draft of the proposed resolution and SRO 865(1)2000 to above special business is annexed to the notice of meeting being sent to the shareholders.

By Order of the Board

Syed Nazeer Haider Zaidi  
Company Secretary

October 07, 2008  
Karachi

### Notes:

1. The share transfer books of the Company shall remain closed from October 22, 2008 to October 28, 2008 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1700-A, Saima Trade Towers, 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 corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures is produced at the time of meeting.



DAWOOD EQUITIES LIMITED

Statement under Section 160 (1) (b) of the Companies Ordinance, 1984

This statement sets out the material facts concerning the special business to be transacted at the Annual General Meeting of the Company to be held on October 28, 2008.

Proposed Ordinary Resolution

RESOLVED THAT

Consent be and is hereby granted to place the quarterly accounts of the Company on the Website of the Company, pursuant to the Securities & Exchange Commission of Pakistan's (SECP'S) Circular No. 19 of 2004 dated April 14, 2004.

The Chief Executive and the Company Secretary be and are hereby authorized severally or jointly to apply SECP for its consent for such placing of the quarterly accounts on the website of the Company and to do all necessary acts, deeds and things in connection therewith and ancillary thereto including consultation with the Stock Exchange on which the Company is listed.

Proposed Special Resolution

RESOLVED THAT

Company be and is hereby authorized, for the purpose of section 208 and 160(1)(b) of the Companies Ordinance 1984, to make investment upto Rupees 50 Million in proposed Subsidiary Company to be incorporated with the object to obtain a membership in Commodity Exchange.

The Chief Executive and the Company Secretary be and are hereby authorized severally to do all the acts, deeds and things necessary to implement this Resolution and also empowered to make amendments/modifications to the Resolution as may be required and such amendments/modifications shall also be deemed as having been approved by the shareholders.

Agenda item No. 4.

Approval of Shareholders will be sought for placement of quarterly accounts on the Website instead of sending the same to each shareholder by post. We appreciate this decision which would ensure prompt disclosure of information to the shareholders, besides saving of costs associated with printing and dispatch of the accounts by post.

The Company is maintaining its website [www.dawoodequities.com](http://www.dawoodequities.com). Prior permission of the SECP would be sought for transmitting the quarterly accounts through Company's website after the approval of the shareholders.

Agenda item No. 5.

Approval of Shareholders will be sought for investment in the proposed Subsidiary Company.



DAWOOD EQUITIES LIMITED

The terms and conditions for equity investment in subsidiary are as follows:

1. Name of the Investee Company	Dawood Commodities Limited (Proposed)
2. Nature, amount and extent of the investment	Equity investment up to Rs. 50 Million
3. Average Market price/Net Asset Value (NAV) of the shares/certificates/ units intended to be purchased during preceding six months.	Not Applicable
4. Break-up value of shares/ certificates/units intended to be purchased on the basis of last published financial statements	Not Applicable
5. Price at which shares/certificates /units will be purchased	At face value
6. Source of funds	Out of surplus funds available
7. Basic Earning per share/ certificate/unit of the investee company in last three years.	Not applicable
8. Period for which investment will be made	N/A or long term investment
9. Purpose of investment	1. Strategic investment 2. To earn a good return.
10. Benefits likely to accrue to the company and its shareholders from the proposed investment or advances.	1. DEL and its shareholders will be benefited because their investment will fetch a good return in the form of dividend. 2. The surplus funds will not remain idle and will be invested in the most efficient manner.
11. Interest of directors and their relatives in the investee company.	None of the directors or their relatives has any interest in this special business in their personal capacities other than to the extent of his interest in the company.





DAWOOD EQUITIES LIMITED

## DIRECTORS' REPORT

IN THE NAME OF ALLAH THE MOST COMPASSIONATE, THE MOST MERCIFUL

Dear Shareholders,

It gives me a great pleasure on behalf of the Board of Directors, in presenting to you the annual report 2008 and audited financial statements for the year ended June 30, 2008.

### Financial results

The financial performance of the company in the year under review is summarized as follows:

	2008	2007	Variance	
	(ooo)	(000)	Amount	%
			(000)	
Gross earnings	147,515	46,399	101,116	3.2 times
Net profit before tax	62,927	16,724	46,203	3.8 times
Net profit for the year	57,447	14,544	42,903	3.9 times
Earning per share	Rs. 3.283	Rs. 1.036	2.247	3.2 times

All amounts are rupees in thousands except earning per share

The financial position of the company as at the end of the year under review is summarized as follows:

	2008	2007	Variance	
	(ooo)	(000)	Amount	%
			(000)	
Total assets	850,282	448,823	401,459	89.50
Net assets	396,991	179,904	217,087	2.2 times

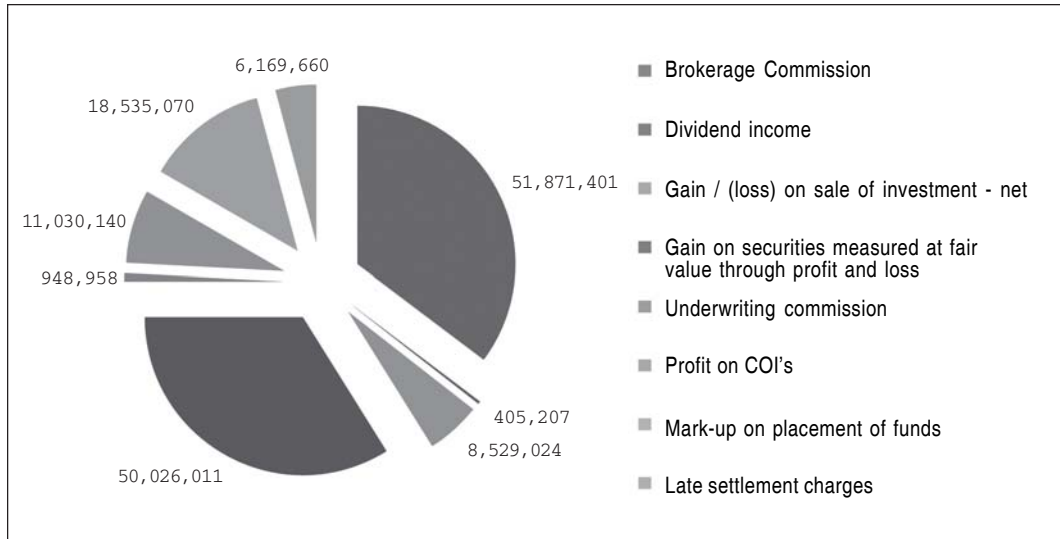
All amounts are rupees in thousands

As extremely evident from the above statistics, company performance during the year was truly exceptional. Every significant financial indicator is pointing in the right direction.

During the year company has earned gross revenue amounting to Rs.147.515 million. The sources of our revenue are well diversified making the revenue more stable,



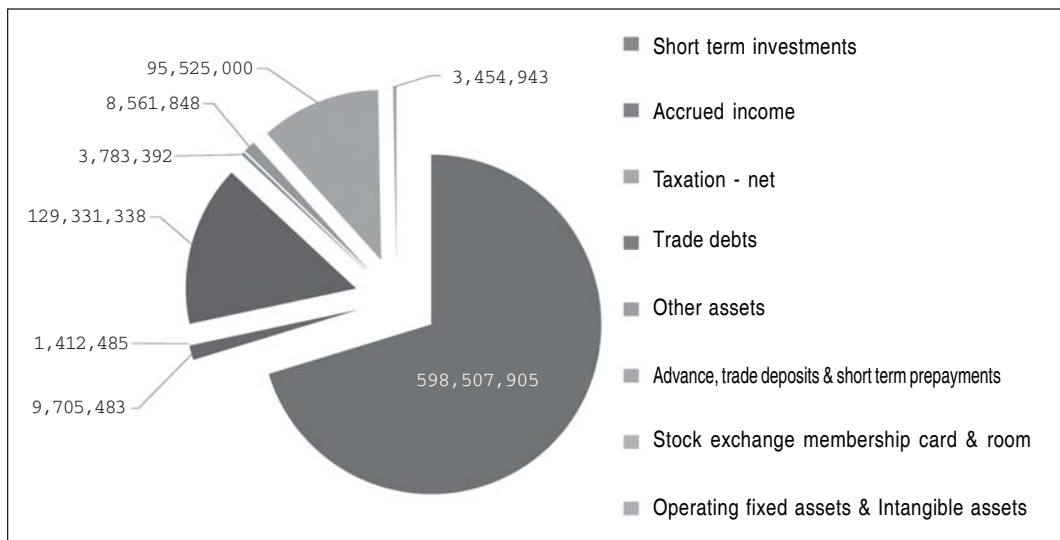
DAWOOD EQUITIES LIMITED



All figures are in rupees (Total gross earnings amounting to Rs. 147,515,471)

The increase in the gross earning is translated into net profits amounting to Rs.57.447 million and earning per share amounting Rs.3.283. We have also improved our net profit to gross earnings ratio which was 38.94% last year as compared to 31.34% this year; this is due to more efficient use of company resources.

The total assets of the company are almost double as compared to last year (Rs.448.822 million to Rs.850.282 million). Our short term investments in highly lucrative securities is stood at Rs.273.507 million having great potential for capital growth and high dividends. The composition of our assets is as under,





## DAWOOD EQUITIES LIMITED

Your Company's shares at Karachi Stock Exchange are valued at Rs. 17.50 per share which is fundamentally due to general depressed situation of Karachi Stock Exchange index, after the listing of the shares have been traded as high as Rs.42 per share, we are very hopeful as soon as the economic situation of the country stabilized company's shares value will regain its true price which is our view undervalued at this point in time.

### Economic & Market Review

Due to unstable political condition our economy has some concerns particularly related to GDP growth, trade deficit, budget deficit and inflation, however the stock market is quite volatile during the year. At the starting the year, KSE 100 index is at 13,772 and it recorded a high of 15,676 during April 2008 and a low of 11,162 during June 2008, indicating the high low range of 4,514 points during the FY 2008.

### Outlook and prospective

The stock market is in under pressure at the starting of the new financial year (FY 2009). However the strength of the company does not appear to be weak. DEL was able to further enhance its core broking business. DEL also provides its services other market segments. We offer Underwriting arrangements, Pre-IPO investment etc. Future plan of your company includes, the further increase in our capital base which currently stands at Rs.250 million to Rs.625 million by the year 2010, this will give your Company more solid financial base. The major change in our business would be going online; we are very much sure that our online trading interface will take our business to new heights. We are also planning to open branches through out the country, in the first phase we are planning to open branches in Karachi, then gradually in major cities of Punjab and NWFP, this will enhance our client port folio in numbers and its geographical diversification.

### Shareholders return

The Board of Directors of the company has decided not to distribute any return to the shareholders for the year and carried forward a profit for next year due to unstable economic conditions and current market situation in the country.

### Statement of compliance

Your Company has implemented provisions of the Code of Corporate Governance, as soon as we have obtained the listing status of the Karachi Stock Exchange. The external auditors has reviewed our report on the statement of compliance with the Code of Corporate Governance there review report is annexed with this report.

As per the directives of SECP and Karachi Stock Exchange, the Directors hereby confirm the following code of good governance and ethical business practices as required by clause (xix) of the Code:

- a The financial statements prepare by the management presents fairly Company's state of affairs, the results of the operations, cash flows and the changes in equity.
- b Your Company has maintained proper books of accounts
- c Appropriate accounting policies have been consistently applied in the preparation of financial statements. The accounting estimates are based management's best judgment.



DAWOOD EQUITIES LIMITED

- d Relevant International Accounting Standards / International Financial reporting Standards, as applicable in Pakistan, the requirements of the Companies Ordinance, 1984 and directives of Securities and Exchange Commission of Pakistan have been followed in the preparation of the financial statements.
- e The system of internal controls is sound in design and has been effectively implemented and maintained.
- f There are no significant doubts over the ability of the entity to continue as a going concern.
- g There has been no material departure from the best practices of corporate governance, as per the listing regulation of Karachi Stock Exchange.
- h There are no statutory payments on account of taxes, duties, levies and charges outstanding, except as disclosed in the financial statements.

Trading and dealing in Shares of the Company

During the year, no trade in the shares of the Company was carried out by the Directors, Chief Executive Officer, and Chief Financial Officer, Company Secretary, their spouses and minor children.

Statement of Ethics and Business Practices

The Board of directors of Dawood Equities Limited has adopted the required Statement of Ethics and Business Practices. All employees of the Company are aware of this statement and its implication on their conduct.

Staff Retirement Benefits

Dawood Equities Limited operates a provident fund scheme for all of its permanent employees. The value of investments under the provident fund as at June 30, 2008 stood at Rs.709, 891.

Post Balance Sheet Events

No events have arisen since the balance sheet date, which require adjustment or disclosure in the financial statements.

Auditors

The retiring auditors BDO Ibrahim & Co. Chartered Accountants are eligible for reappointment and have expressed their willingness to continue in the office. The Board of Directors and the Audit Committee recommends their reappointment.

Risk Management Framework

Risk is integral part of our business. Our fundamental objective is to maximize shareholders' value at appropriate level of risk. The business risks are assessed and accepted by considering the business rationale and on prudent basis by our seasoned professional team of management.



DAWOOD EQUITIES LIMITED

Board meetings

S. No.	Name	Designation	Entitlement & Attend Meeting	Meeting Attend	Leave of Absence
1	Mr. Muhammad Rizwan-ul-Haque	CEO & Director	3	3	0
2	Haji Abdul Ghani	Director	4	4	0
3	Mr. Muhammad Ayub	Director	4	4	0
4	Mr. Abdul Aziz Habib	Director	4	4	0
5	Mr. Junaid Zakaria Dada	Director	4	4	0
6	Mr. Abdul Qadir Sakhi	Director	4	4	0
7	Mr. Muhammad Saleem Munshi	Director	4	4	0
8	Mr. Muhammad Munir Issani	C E O	1	1	0

Patten of shareholding

Patten of shareholding is annexed to these financial statements.

Acknowledgements

The Board of Directors of DEL would like to express its appreciation to all stakeholders for their support and contribution. The Board also acknowledged the employees for there commitment, hard work and result oriented performance. The Company recognized and put on records its gratitude for all of there efforts.

The Board is gratefully acknowledges to the Securities & Exchange Commission of Pakistan and the Karachi Stock Exchange (Guarantee) Limited for their guidance and support.

For and on behalf of the Board

Mr. Muhammad Munir Issani  
Chief Executive

Haji Abdul Ghani  
Chairman

Karachi  
September 23, 2008



DAWOOD EQUITIES LIMITED

STATEMENT OF COMPLIANCE WITH THE CODE OF  
CORPORATE GOVERNANCE  
FOR THE YEAR ENDED JUNE 30, 2008

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Statement of Compliance with the Code of Governance  
(As required by the Listing Regulations).

This Statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 37 Chapter XIII and XI of listing regulations of Karachi Stock Exchange (Guarantee) Limited 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 Six (6) independent non-executive directors. This means 85.71% of the directors of the Board are independent non-executive directors.
2. The directors of the Company have confirmed none of them is serving as director in more than ten listed companies, including the Company.
3. All the directors of the Company are registered tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. A casual vacancy occurred in the Board of the Company, which was filled up by the directors within 30 days thereof.
5. The Board has developed a vision/ mission statement, overall corporate strategy and significant policies of the Company. The Company has prepared "Statement of Ethics and Business Practices", which has been signed by all the directors and employees of the Company.
6. The Board of Directors has adopted a vision/mission statement and all the overall corporate strategy of Company and has also formulated significant policies as mentioned in the Code. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. 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 the Chief Executive Officer has been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by the director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board Meeting, along with agenda and working papers, were circulated at least seven days before the meeting. The minutes of the meeting were appropriately recorded and circulated.
9. The Board arranged an orientation course for the directors during the years to apprise them their duties and responsibilities.
10. The Board has approved the appointment of CFO, Company Secretary and Internal Auditors including their remuneration and terms and conditions of employment, as determined by the CEO.



DAWOOD EQUITIES LIMITED

11. The directors' report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient features required to be disclosed.
12. The financial statements of the Company were duly endorsed by the CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all corporate and financial reporting requirements of the Code.
15. The Board has formed an audit committee. It comprises three members, of whom all are non-executive directors.
16. The meetings of audit committee were held at least once every quarter prior to approval of the interim and final results of the company and as required by the code. The terms of reference of the Committee have been formed and advised to committee for compliance.
17. The Board has appointed a firm of Chartered Accountants, as Internal Auditors of the Company and has also approved their terms and conditions. They are considered suitably qualified and experienced for the purpose, are conversant with the policies and procedures of the Company and are involved in the internal audit on a full time basis.
18. The Statutory auditors of the Company 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 shares of the Company 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 ICAP.
19. The statutory auditors or the persons associated with them not been appointed to provide other services except in accordance to the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
20. We confirm that all other material principles contained in the Code have been complied.

On Behalf of the Board of Directors  
Dawood Equities Limited

Mohammad Munir Issani  
Chief Executive



BDO Ebrahim & Co.  
Chartered Accountants

2nd Floor, Block-C, Lakson Square Building No. 1,  
Sarwar shaheed Road, Karachi-74200, Pakistan.  
Telephone : 5683030, 5683189, 5683498, 5683703  
Telefax : 5684239  
Email : infor@bdoebrahim.com.pk  
Website : http://www.bdoebrahim.com.pk

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

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 Equities Limited to comply with Listing Regulation No. 37 of the 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. 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.

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.

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 as applicable to the Company for the year ended June 30, 2008.

Karachi

Date: September 23, 2008

Chartered Accountants





BDO Ebrahim & Co.  
Chartered Accountants

2nd Floor, Block-C, Lakson Square Building No. 1,  
Sarwar shaheed Road, Karachi-74200, Pakistan.  
Telephone : 5683030, 5683189, 5683498, 5683703  
Telefax : 5684239  
Email : infor@bdoebrahim.com.pk  
Website : http://www.bdoebrahim.com.pk

## AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of DAWOOD EQUITIES LIMITED, as at June 30, 2008 and the related profit and loss account, 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 Company 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, 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, 2008 and of the profit, its 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.

Karachi

Dated: September 23, 2008

Chartered Accountants



DAWOOD EQUITIES LIMITED

BALANCE SHEET  
AS AT JUNE 30, 2008

	Note	2008 Rupees	2007 Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Operating fixed assets	7	3,144,943	1,662,596
Intangible asset	8	310,000	200,000
Stock exchange membership card and room	9	95,525,000	87,500,000
Long term deposit	10	1,037,500	1,000,000
		100,017,443	90,362,596
<b>CURRENT ASSETS</b>			
Short term investments	11	598,507,905	271,188,570
Placement and financing	12	-	41,484,995
Trade debts	13	129,331,338	19,083,791
Accrued income	14	9,705,483	8,754,794
Taxation - net	15	1,412,485	-
Advances	16	416,754	118,336
Trade deposits and short term prepayments	17	8,145,094	3,455,384
Other receivables		866,559	6,044,215
Cash and bank balances	18	1,879,333	8,330,064
		750,264,951	358,460,149
<b>TOTAL ASSETS</b>		<b>850,282,394</b>	<b>448,822,745</b>
<b>EQUITY AND LIABILITIES</b>			
<b>CAPITAL AND RESERVES</b>			
Authorized share capital			
30,000,000 ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid up capital	19	250,000,000	150,000,000
Share premium	20	75,000,000	-
Unappropriated profit		71,991,007	14,544,003
		396,991,007	164,544,003
Share application money		-	15,360,500
<b>LONG TERM LIABILITIES</b>			
Long term financing	21	250,000,000	250,000,000
Deferred taxation		79,217	62,096
		250,079,217	250,062,096
<b>CURRENT LIABILITIES</b>			
Short term borrowings	22	142,352,592	-
Trade and other payables	23	50,053,380	8,905,724
Accrued mark up	24	10,806,198	9,616,437
Taxation - net		-	333,985
		203,212,170	18,856,146
<b>COMMITMENT</b>	25		
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>850,282,394</b>	<b>448,822,745</b>

The annexed notes from 1 to 37 form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED JUNE 30, 2008

	Note	2008 Rupees	October 03, 2006 to June 30, 2007 Rupees
Income	26	97,489,460	37,037,343
Gain on securities measured at fair value through profit and loss (net)		50,026,011	9,361,640
		<hr/>	<hr/>
Administrative expenses	27	147,515,471 48,737,085	46,398,983 16,161,133
		<hr/>	<hr/>
Financial charges	28	98,778,386 35,968,647	30,237,850 13,726,299
		<hr/>	<hr/>
Other income	29	62,809,739 117,711	16,511,551 212,312
		<hr/>	<hr/>
Profit before taxation		62,927,450	16,723,863
Taxation	30	5,480,446	2,179,860
		<hr/>	<hr/>
Profit after taxation		57,447,004	14,544,003
		<hr/> <hr/>	<hr/> <hr/>
Earnings per share - basic and diluted	31	3.283	1.036
		<hr/> <hr/>	<hr/> <hr/>

Appropriations have been reflected in the statement of changes in equity.

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

\_\_\_\_\_  
Director



DAWOOD EQUITIES LIMITED

CASH FLOW STATEMENT  
FOR THE YEAR ENDED JUNE 30, 2008

	2008 Rupees	2007 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Profit before taxation	62,927,450	16,723,863
Adjustment for non cash items:		
Depreciation	1,190,168	521,568
Amortization on intangible assets	90,000	50,000
Amortization on preliminary expenses	-	485,441
Financial charges	35,968,647	13,726,299
	<hr/>	<hr/>
	100,176,265	31,507,171
(Increase) in current assets		
Trade debts	(10,247,547)	(8,751,278)
Accrued income	(950,689)	(19,083,791)
Advances	(298,418)	(118,336)
Trade deposits and short term prepayments	(4,689,710)	(3,455,384)
Other receivables	5,177,656	(6,044,215)
	<hr/>	<hr/>
	(11,008,708)	(37,453,004)
Increase in current liabilities		
Trade and other payables	41,193,418	5,533,376
	<hr/>	<hr/>
Cash generated from operations	30,360,975	(412,457)
Taxes paid	(7,209,795)	(1,783,779)
Financial charges paid	(34,824,648)	(3,747,514)
	<hr/>	<hr/>
	(42,034,443)	(5,531,293)
Net cash used in operating activities	(11,673,468)	(5,943,750)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of operating fixed assets	(2,672,515)	(2,184,164)
Purchase of intangible assets	(200,000)	(250,000)
Purchase of membership card	-	(87,500,000)
Purchase of KSE Room	(8,025,000)	-
Short term investments	(252,319,335)	(21,188,570)
Placement and financing	41,484,995	(41,484,995)
Long term deposits	(37,500)	(1,000,000)
Net cash used in investing activities	(221,769,355)	(153,607,729)



DAWOOD EQUITIES LIMITED

	2008 Rupees	2007 Rupees
CASH FLOWS FROM FINANCING ACTIVITIES		
Long term financing	-	250,000,000
Issue of shares	175,000,000	149,493,000
Share application money	(15,360,500)	15,360,500
Net cash generated from financing activities	159,639,500	414,853,500
Net (decrease) / increase in cash and cash equivalents	(73,803,323)	255,302,021
Cash and cash equivalents at the beginning of the period	258,330,064	3,028,043
Cash and cash equivalents at the end of the year/period	184,526,741	258,330,064
Cash and cash equivalents comprise of:		
Cash and bank balances	1,879,333	8,330,064
Short term borrowings	(142,352,592)	-
Short term investments	325,000,000	250,000,000
	184,526,741	258,330,064

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

\_\_\_\_\_  
Director



DAWOOD EQUITIES LIMITED

STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED JUNE 30, 2008

	Issued, subscribed and paid up capital	Share premium	Unappro- priated profit	Total
	Rupees			
Balance as at June 30, 2006	507,000	-	-	507,000
Share issued during the year	149,493,000	-	-	149,493,000
Net profit for the period from October 03, 2006 to June 30, 2007	-	-	14,544,003	14,544,003
Balance as at June 30, 2007	150,000,000	-	14,544,003	164,544,003
Share issued during the year	100,000,000	75,000,000	-	175,000,000
Net profit for the year	-	-	57,447,004	57,447,004
Balance as at June 30, 2008	<u>250,000,000</u>	<u>75,000,000</u>	<u>71,991,007</u>	<u>396,991,007</u>

The annexed notes from 1 to 37 form an integral part of these financial statements.

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

\_\_\_\_\_  
Director



DAWOOD EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2008

1. NATURE AND STATUS OF BUSINESS

- 1.1 Dawood Equities Limited (" the Company") was incorporated in Pakistan as public limited company on May 3, 2006 under the Companies Ordinance, 1984. The registered office of the Company is situated at 1700- A, Saima Trade Towers, I.I. Chundrigar Road, Karachi. The Company's principal business is trading and brokerage of listed equities, underwriting and other investments.
- 1.2 The Company commenced commercial operations from October 03, 2006.
- 1.3 The Company obtained listing on the Karachi Stock Exchange (Guarantee) Limited on April 14, 2008.

2. STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan and the requirements of Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards (IAS) / International Financial Reporting Standards (IFRSs) as notified under the provisions of the Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan (SECP) differ with the requirements of these standards, the requirements of Companies Ordinance, 1984 or the requirements of the said directives take precedence.

Standards, interpretations and amendments to published approved accounting standards that are not yet effective:

Amendments to the following Standards and interpretations have been published that are mandatory to the financial statements of the Company covering accounting periods beginning on or after the following effective date:

IAS 1	Presentation of Financial Statements	Effective from January 01, 2009
IAS 23	Borrowing Costs	Effective from January 01, 2009
IAS 27	Consolidated and Separate Financial Statement	Effective from January 01, 2009
IFRS 3	Business Combinations	Effective from January 01, 2009
IFRS 7	Financial Instruments Disclosures	Effective from April 28, 2008
IFRS 8	Operating Segments	Effective from January 01, 2009
IFRIC	12 Service Concession Arrangements	Effective from January 01, 2008
IFRIC 13	Customer Loyalty Programs	Effective from July 01, 2008
IFRIC 14	The Limit on Defined Benefit Assets; Minimum Funding Requirements and their Interactions	Effective from January 01, 2008

Adoption of the above amendments may only impact the extent of disclosures presented in the future financial statements.



DAWOOD EQUITIES LIMITED

Standards, amendments and interpretations effective beginning on or after December 06, 2006.

The new series of standards called "International Financial Reporting Standards" (IFRSs) have been introduced and eight IFRSs have been issued by IASB and out of these, the following four IFRSs have been adopted by the Securities Exchange Commission of Pakistan vide SRO 1228 (1) /2006 effective for periods beginning on December 06, 2006:

- IFRS - 2 Share based Payments
- IFRS - 3 Business Combinations
- IFRS - 5 Non-Current Assets held for Sale and Discontinued Operations
- IFRS - 6 Exploration for and Evaluation of Mineral Resources

3. BASIS OF MEASUREMENT

These financial statements have been prepared under the historical cost convention except for certain short term investments which are stated at fair value.

4. FUNCTIONAL AND PRESENTATION CURRENCY

These financial statements are presented in Pak rupee, which is the functional and presentation currency for the Company and rounded off to the nearest rupee.

5. USE OF ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognised in the financial statements are described in note 6.18.





DAWOOD EQUITIES LIMITED

6 SIGNIFICANT ACCOUNTING POLICIES

6.1 Operating fixed assets

Operating fixed assets are stated at cost less accumulated depreciation and any identified impairment. Depreciation is charged applying the straight line method whereby the depreciable cost of an asset is allocated over its estimated service life. Full year depreciation is charged in the year of addition while no depreciation is charged on assets disposed during the year. Capital work in progress is stated at cost. Maintenance and normal repairs are charged to income as and when incurred.

The Company assesses at each balance sheet date whether there is any indication that the operating fixed assets may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amount, assets are written down to their recoverable amounts and the resulting impairment loss is charged to profit and loss account.

6.2 Impairment

The carrying amounts of assets are reviewed at each balance sheet date to determine whether there is any objective evidence that an asset or group of assets may be impaired. If any such evidence exists, the asset or group of assets' recoverable amount is estimated. An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in profit and loss account.

6.3 Intangible assets

Intangible assets are stated at cost less accumulated amortization except assets that are not available for its intended use, which are stated at cost. Amortization is charged using the straight line method at the rates given in relevant note to write off the historical cost of assets over their estimated useful life. In the year of addition full year's amortization is charged.

6.4 Membership card and room

This is stated at acquisition cost. Provision against impairment losses is made for decline in value other than temporary, if any, in the value of this asset.

6.5 Investments

The Company classifies its investments under securities at fair value through profit and loss, held for maturity and available for sale categories. Investments in securities are recognized on a trade date basis and are initially measured at cost.

Held to maturity

These are securities with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity and are measured at cost, less any impairment loss recognized to reflect irrecoverable amounts.



DAWOOD EQUITIES LIMITED

Fair value through profit and loss

An investment is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the company manages such investments and makes purchase and sale of decisions based on their fair value. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

After initial recognition, the above investments are remeasured at fair value determined with reference to the year-end quoted rates. Gains or losses on investments on remeasurement of these investments are recognized in profit or loss.

Available for sale

Investment intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in prices, are classified as available for sale. Subsequent to initial measurement, available for sale, investments are remeasured to fair value. Net gains and losses arising on changes in fair values of these investments are taken to equity.

6.6 Trade debts and other receivables

Trade debts and other receivables are carried at the amount billed / charged, less an estimate made for doubtful receivables based on review of outstanding amounts at the year-end, if any. Provision is made against those having no activity during the current year and is considered doubtful by the management. Balances considered bad and irrecoverable are written off when identified.

6.7 Borrowings

Borrowings are recorded at the amounts received. Financial charges are accounted for on accrual basis.

Financial charges are charged to profit and loss account in the year in which they are incurred.

6.8 Cash and cash equivalents

For the purposes of cash flow statement, cash and cash equivalents consist of cash in hand, balances with banks and short term investment net of borrowings not considered as being in the nature of financing activities.

6.9 Cash and bank balances

Cash and bank balances are carried at cost.



DAWOOD EQUITIES LIMITED

6.10 Taxation

(a) Current

The charge for taxation is based on estimated taxable income for the year at current rates of taxation, and adjustment to tax payable in respect of previous year if any, after taking into consideration available tax credits, rebates and tax losses etc.

(b) Deferred

Deferred tax is recognized using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets or liabilities in the financial statements and the corresponding tax bases. Deferred tax liabilities are generally 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.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the balance sheet date.

6.11 Trade and the other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

6.12 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a estimate can be made of the amount of obligation.

6.13 Revenue recognition

Brokerage income is recognized as and when services has been provided.

Capital gains and losses on sale of marketable securities are recorded on the date of sale.

Dividend income is recorded when right to receive dividend is established.

Income from investments is recognized on accrual basis.



DAWOOD EQUITIES LIMITED

6.14 Financial instruments

All the financial assets and financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. The particular recognition methods adopted are disclosed in the individual policy statements associated with each item. Any gain or loss on derecognition of the financial assets and financial liabilities is included in profit and loss account.

6.15 Offsetting of financial assets and financial liabilities

A financial asset and financial liability is off-set and the net amount reported in the balance sheet if the Company has a legally enforceable right to set-off the transactions and also intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Corresponding income on the asset and charge on the liability is also off-set.

6.16 Dividend distributions and appropriations

Dividend distributions and appropriations are recorded in the period in which the distributions and appropriations are approved.

6.17 Transactions with related parties

Transactions with related parties are carried out at arm's length using the methods prescribed in the Companies Ordinance, 1984.

6.18 Accounting estimates and judgements

6.18.1 Income taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

6.18.2 Operating fixed assets

The Company reviews the rate of depreciation / useful life, residual values and value of assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of operating fixed assets with a corresponding affect on the depreciation charge and impairment.

6.18.3 Investments stated at fair value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point in time based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgements (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.



DAWOOD EQUITIES LIMITED

7. OPERATING FIXED ASSETS

Particulars	C O S T				D E P R E C I A T I O N			Book value as at June 30, 2008
	As at July 01, 2007	Addition	As at June 30, 2008	Rate %	As at July 01, 2007	For the year	As at June 30, 2008	
<b>Owned</b>								
Computers	635,682	1,005,975	1,641,657	33.33	211,872	547,164	759,036	882,621
Office equipments	125,927	186,050	311,977	20	25,185	62,395	87,580	224,397
Furniture and fixtures	26,455	-	26,455	20	5,291	5,291	10,582	15,873
Motor vehicles	1,396,100	1,480,490	2,876,590	20	279,220	575,318	854,538	2,022,052
<b>Rupees - June 30, 2008</b>	<b>2,184,164</b>	<b>2,672,515</b>	<b>4,856,679</b>		<b>521,568</b>	<b>1,190,168</b>	<b>1,711,736</b>	<b>3,144,943</b>
<b>Rupees - June 30, 2007</b>	<b>-</b>	<b>2,184,164</b>	<b>2,184,164</b>		<b>-</b>	<b>521,568</b>	<b>521,568</b>	<b>1,662,596</b>

8. INTANGIBLE ASSET

Particulars	C O S T				A M O R T I Z A T I O N			Book value as at June 30, 2008
	As at July 01, 2007	Addition	As at June 30, 2008	Rate %	As at July 01, 2007	For the year	As at June 30, 2008	
Software	250,000	200,000	450,000	20	50,000	90,000	140,000	310,000
<b>Rupees - June 30, 2008</b>	<b>250,000</b>	<b>200,000</b>	<b>450,000</b>		<b>50,000</b>	<b>90,000</b>	<b>140,000</b>	<b>310,000</b>
<b>Rupees - June 30, 2007</b>	<b>-</b>	<b>250,000</b>	<b>250,000</b>		<b>-</b>	<b>50,000</b>	<b>50,000</b>	<b>200,000</b>

	Note	2008 Rupees	2007 Rupees
9. STOCK EXCHANGE - MEMBERSHIP CARD AND ROOM			
KSE membership card - At cost		87,500,000	87,500,000
KSE room - At cost		8,025,000	-
		<b>95,525,000</b>	<b>87,500,000</b>
10. LONG TERM DEPOSIT			
Karachi Stock Exchange (Guarantee) Limited		700,000	700,000
Central Depository Company Limited	10.1	137,500	100,000
National Clearing Company of Pakistan Limited		200,000	200,000
		<b>1,037,500</b>	<b>1,000,000</b>

10.1 This comprises of Rs. 0.100 million for initial deposit (2007: Rs 0.100 million) and Rs. 0.0375 million for CDC Non-Live.





DAWOOD EQUITIES LIMITED

**11.2 Units of open end funds**

No. of Units 2008	No. of Units 2007		June 30, 2008 Rupees	June 30, 2007 Rupees
77,535.8015	-	NAFA Stock Fund	888,894	-
101,967.6131	-	NAFA Islamic Income Fund	1,055,691	-
100,000.0000	-	NAFA Islamic Multi-Asset Fund	953,600	-
<u>279,503.4146</u>	<u>-</u>		<u>2,898,185</u>	<u>-</u>

**11.3**

**Initially designated at fair value through profit & loss**

		<b>Ordinary shares</b>		
		<b>Quoted securities</b>		
		<b>Related parties</b>		
257,292	-	First Dawood Investment Bank Limited	1,826,691	-
516,012	-	Dawood Capital Management	14,396,735	-
<u>773,304</u>	<u>-</u>		<u>16,223,426</u>	<u>-</u>
		<b>Ordinary shares</b>		
		<b>Unquoted securities</b>		
		<b>Related parties</b>		
14,925,500	-	Dawood Family Takaful Company Limited	149,255,000	-
<u>15,698,804</u>	<u>-</u>		<u>165,478,426</u>	<u>-</u>

11.4 Certificate of Investment carries fixed mark-up at the rate of 11% per annum (2007: 11 % per annum) with a tenor of 6 months. Profit is receivable on maturity and date of maturity is October 06, 2008.

11.5 Placement of funds carries an expected mark-up at the rate of 16% per annum with a tenor of 31 days. Profit is receivable on maturity and date of maturity is August 04, 2008.

11.6 Placement of funds carries an expected mark-up at the rate of 11% per annum (2007: 11% per annum) with a tenor of 6 months. Profit is receivable on maturity and date of maturity is August 15, 2008.

11.7 The shares of listed companies have been pledged in banking companies as stated in Note 22.2

11.8 The average cost of investments measured at fair value through profit and loss amounted to Rs. 220.482 million as at June 30, 2008 (2007: Rs. 11.827 million).



DAWOOD EQUITIES LIMITED

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
12. PLACEMENT AND FINANCING			
Continuous Funding System		-	41,484,995
13. TRADE DEBTS			
Unsecured - considered good			
Trade debts		129,331,338	19,083,791
14. ACCRUED INCOME			
Secured - considered good			
Accrued mark-up on certificates of investment		2,591,785	2,591,781
Accrued income on placement of fund		7,113,698	6,163,013
		9,705,483	8,754,794
15. TAXATION - NET			
Advance tax		7,209,795	1,783,779
Less: Provision for taxation		5,797,310	2,117,764
		1,412,485	(333,985)
16. ADVANCES			
Unsecured - considered good			
Advance against salary		116,754	118,336
Advance against expenses		300,000	-
		416,754	118,336
17. TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits	17.1	7,816,278	2,879,592
Prepayments		328,816	75,792
Alfalalah GHP Income Multiplier Fund		-	500,000
		8,145,094	3,455,384
17.1			
This deposit comprises of exposure deposit against future contract amounting to Rs. 7.341 million, (2007: Rs. 2.064 million) exposure deposit against provisional listing amounting to Rs. 0.276 million (2007: Rs. 0.075 million) and initial deposit against provisional listing amounting to Rs. 0.200 million. (2007: Rs. 0.100 million).			





DAWOOD EQUITIES LIMITED

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
<b>18. CASH AND BANK BALANCES</b>			
Cash at banks - current accounts	18.1	1,879,333	8,330,064
18.1 Current account carries mark-up at rates ranging from 1.25% to 1.75% per annum (2007: 1.25% to 1.75% per annum).			
<b>19. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL</b>			
Number of Ordinary Shares shares of Rs. 10/- each			
June 30, 2008	June 30, 2007		
25,000,000	15,000,000	Fully paid in cash	19.1
		250,000,000	150,000,000
19.1 During the year the Company ratified 8,750,000 shares issued for consideration other than cash against membership card as shares fully paid in cash to comply with Companies (Issue of Capital) Rules, 1996. Comparative figures have been rearranged for better presentation of financial statements.			
<b>20. SHARE PREMIUM</b>			
Share premium	20.1	75,000,000	-
20.1 The Company issued 10 million shares at a premium of Rs. 7.5 per share in its Initial Public Offering.			
<b>21. LONG TERM FINANCING</b>			
Secured			
Financial institution	21.1	100,000,000	100,000,000
Modaraba	21.2	150,000,000	150,000,000
		250,000,000	250,000,000
21.1 Long term financing from a financial institution, a related party, carries mark-up at the rate of 12% per annum (2007: 12% per annum) with repayment due on December 31, 2009. The facility is secured against investments held by the Company.			



DAWOOD EQUITIES LIMITED

21.2 Musharika finance from a Modaraba, a related party, carries expected mark-up at rate of 12% per annum (2007: 12% per annum) with repayment due on December 31, 2009. The facility is secured against investments held by the Company.

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
<b>22. SHORT TERM BORROWINGS</b>			
Secured			
Facility-I	22.1	66,339,340	-
Facility-II	22.2	76,013,252	-
		142,352,592	-
		142,352,592	-

22.1 The Company has obtained running finance facility from a commercial bank under mark up arrangements with a sanctioned limit of Rs 100 million for meeting the working capital requirements. The rate of mark up is 3 months KIBOR plus 2.50%. The facility is secured against lien over shares of various companies listed at Karachi Stock Exchange (Guarantee) Limited.

22.2 The Company has obtained running finance facility from a commercial bank under mark up arrangements with a sanctioned limit of Rs 250 million. The rate of mark up is one months KIBOR plus 1.50%. The facility is secured against pledge of shares of first class companies quoted at Karachi Stock Exchange (Guarantee) Limited duly incorporated / registered with Central Depository Company having equal value to the facility amount with margin on current market price.

		June 30, 2008 Rupees	June 30, 2007 Rupees
<b>23. TRADE AND OTHER PAYABLES</b>			
Trade creditors		48,672,739	8,006,094
Accrued expenses		987,128	746,825
Withholding tax payable		70,650	10,611
Other liabilities		322,863	142,194
		50,053,380	8,905,724
		50,053,380	8,905,724

<b>24. ACCRUED MARK UP</b>			
Long term financing		9,780,825	9,616,437
Short term borrowings		1,025,373	-
		10,806,198	9,616,437
		10,806,198	9,616,437

**25. COMMITMENT**

The Company is committed with respect to an underwriting agreement for issue of Term Finance Certificates (TFC) amounting to Rs. 25 million.



DAWOOD EQUITIES LIMITED

			June 30, 2008	October 03, 2006 to June 30, 2007
			Rupees	Rupees
26.	<b>INCOME</b>	Note		
	Brokerage commission		51,871,401	20,054,879
	Capital gain on sale of investments-net		8,529,024	4,036,565
	Underwriting commission		948,958	262,500
	Profit on certificates of investment		11,030,140	5,804,384
	Mark-up on placement of funds		18,535,070	6,301,643
	Dividend income		405,207	-
	Income on term finance certificates		-	171,096
	Late settlement charges		6,169,660	406,276
			<u>97,489,460</u>	<u>37,037,343</u>
27.	<b>ADMINISTRATIVE EXPENSES</b>			
	Salaries and other benefits	27.1	7,507,813	3,807,355
	Rent, rates and taxes		768,242	272,935
	Repairs and maintenance		256,395	178,234
	Utilities		1,641,708	444,139
	Fees and subscription		869,130	1,623,267
	CDC charges		1,851,118	1,102,273
	KSE charges		20,700,732	5,588,972
	SECP charges		2,492,831	676,216
	Brokerage and commission		752,121	980,853
	Initial public offer fees		8,632,306	-
	Website hosting charges and domain charges		30,700	-
	Printing and stationery		1,409,732	135,647
	Legal and professional fees		106,500	-
	Travelling, conveyance and parking charges		26,270	4,570
	Entertainment		111,659	13,310
	Auditors remuneration			
	Statutory audit		150,000	75,000
	Half yearly review		43,500	-
	Certifications and other services		100,000	187,500
			293,500	262,500
	Donation		6,160	786
	Depreciation expense	7	1,190,168	521,568
	Amortization of intangible assets	8	90,000	50,000
	Preliminary expenses written off		-	485,441
	Miscellaneous		-	13,067
			<u>48,737,085</u>	<u>16,161,133</u>

27.1 This includes staff retirement benefits amounting to Rs. 0.226 million (June 30, 2007: Rs. 0.034 million.)



DAWOOD EQUITIES LIMITED

	Note	June 30, 2008 Rupees	June 30, 2007 Rupees
28. FINANCIAL CHARGES			
Markup on:			
Long term financing - secured		31,037,566	12,904,108
Short term borrowings		3,770,303	12,831
Client credit balances		459,009	-
Leased vehicle		-	59,368
Exposure cost		494,391	670,901
Bank charges		207,378	79,091
		35,968,647	13,726,299
29. OTHER INCOME			
Profit on bank accounts		117,711	212,312
30. TAXATION			
Current	30.1	5,463,325	2,117,764
Deferred		17,121	62,096
		5,480,446	2,179,860
30.1 Reconciliation between average effective tax rate and applicable tax rate.			
Tax at applicable tax rate		22,024,608	5,853,352
Effect of turnover tax and temporary differences		1,593,708	3,425,816
Effect of income assessed under presumptive tax		(18,154,990)	(7,161,404)
Provision for taxation		5,463,325	2,117,764
31. EARNINGS PER SHARE - BASIC AND DILUTED			
Profit after taxation		57,447,004	14,544,003
Weighted average number of ordinary shares		17,500,000	14,032,003
Earnings per share - basic and diluted		3.283	1.036



DAWOOD EQUITIES LIMITED

	October 03, 2006 to
June 30, 2008	June 30, 2007
Rupees	Rupees

32. TRANSACTION WITH RELATED PARTIES

The Company in normal course of business carries out transactions with various related parties. Transactions with related parties undertaken during the year were as follows:

Related parties		
Investments	588,999,125	271,188,070
Borrowings	444,854,442	250,000,000
Commission earned from brokerage transactions	13,970,268	11,411,950
Profit earned from redemption of units	96,376	-
Markup received on certificate of investment during the year	11,030,136	3,212,603
Markup received on placement of funds during the year	16,424,659	138,630
Markup paid on borrowings during the year	30,017,808	3,287,671
Markup charged on borrowings during the year	31,136,195	-

33. REMUNERATION OF CHIEF EXECUTIVE

The aggregate amount charged in the financial statements for the year for remuneration, including certain benefits, to the Chief Executive and Directors of the Company are as follows:

	Chief Executive	
	June 30,	
	2008	2007
	(Rupees)	
Managerial remuneration	1,139,034	-
House rent allowance	465,966	-
Medical expenses	24,000	-
	1,629,000	-
	1	1

The Chief Executive is also provided with free use of Company maintained vehicle.



DAWOOD EQUITIES LIMITED

34. FINANCIAL INSTRUMENTS RELATED DISCLOSURES

34.1 Currency risk

Foreign currency risk arises mainly where receivables and payables exist due to transactions in foreign currencies. The Company believes it is not exposed to any significant level of currency risk.

34.2 Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulties in raising funds to meet commitments associated with financial instruments. The Company believes that it is not exposed to any significant level of liquidity risk.

34.3 Interest rate risk management

Interest rate risk arises from the possibility when changes in interest rate affect the value of the financial statements.

34.4 Fair value of financial instruments

The carrying value of all the financial assets and financial liabilities are estimated approximate their fair values.

34.5 Concentration of credit risk

Credit risk represents the accounting loss that would be recognized at the reporting date if counter parties fail completely to perform as contracted. The Company manages this risk through having exposures only to those parties, which are considered to be credit worthy, and obtaining security deposits wherever applicable. All financial assets except cash and bank balances are subject to credit risk.



**DAWOOD EQUITIES LIMITED**

**34.6 Interest rate risk**

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the interest rates. The Company manages this risk through risk management strategies. Interest rate risk of the Company's financial assets and financial liabilities as at the balance sheet date can be evaluated from following schedule:

	Interest/Mark-up bearing		Non-Interest/Mark-up bearing				
	Within one year	More than one year and up to five years	Sub Total	Within one year	More than one year and up to five years	Sub Total	Total
Rupees							
<b>Financial assets</b>							
Short term investment	325,000,000	-	325,000,000	273,507,905	-	273,507,905	598,507,905
Trade debts	-	-	-	129,331,338	-	129,331,338	129,331,338
Accrued income	-	-	-	9,705,483	-	9,705,483	9,705,483
Trade deposits	-	-	-	7,816,278	-	7,816,278	7,816,278
Other receivables	-	-	-	866,559	-	866,559	866,559
Cash and bank balance	1,879,333	-	1,879,333	-	-	-	1,879,333
	326,879,333	-	326,879,333	421,227,563	-	421,227,563	748,106,896
<b>Financial liabilities</b>							
Long term financing	-	250,000,000	250,000,000	-	-	-	250,000,000
Short term borrowings	142,352,592	-	142,352,592	-	-	-	142,352,592
Trade and other payables	-	-	-	50,053,380	-	50,053,380	50,053,380
Accrued mark up	-	-	-	10,806,198	-	10,806,198	10,806,198
	142,352,592	250,000,000	392,352,592	60,859,578	-	60,859,578	453,212,170
<b>Net financial assets/(liabilities)</b>							
June 30, 2008	184,526,741	(250,000,000)	(65,473,259)	360,367,985	-	360,367,985	294,894,726
<b>Net financial assets/(liabilities)</b>							
June 30, 2007	299,815,059	(250,000,000)	49,815,059	40,047,137	-	40,047,137	89,862,196

Effective interest rates are mentioned in the respective notes to the financial statements.



DAWOOD EQUITIES LIMITED

34.7 Maturities of assets and liabilities

	Total	Upto 3 months	Over 3 months to 1 year	Over 1 year to 5 years	Over 5 years
Rupees					
<b>Assets</b>					
Operating fixed assets	3,144,943	-	-	3,144,943	-
Intangible assets	310,000	-	-	310,000	-
Stock Exchange membership card and room	95,525,000	-	-	-	95,525,000
Long term deposit	1,037,500	-	-	-	1,037,500
Short term investment	598,507,905	498,507,905	100,000,000	-	-
Trade debts	129,331,338	129,331,338	-	-	-
Accrued income	9,705,483	9,705,483	-	-	-
Taxation - net	1,412,485	1,412,485	-	-	-
Advances	416,754	-	416,754	-	-
Trade deposits and short term prepayments	8,145,094	7,816,278	328,816	-	-
Other receivables	866,559	866,559	-	-	-
Cash and bank balances	1,879,333	1,879,333	-	-	-
	<u>850,282,394</u>	<u>649,519,381</u>	<u>100,745,570</u>	<u>3,454,943</u>	<u>96,562,500</u>
Long term financing	250,000,000	-	-	250,000,000	-
Deferred taxation	79,217	-	-	79,217	-
Short term borrowings	142,352,592	142,352,592	-	-	-
Trade and other payables	50,053,380	50,053,380	-	-	-
Accrued mark up	10,806,198	10,806,198	-	-	-
	<u>453,291,387</u>	<u>203,212,170</u>	<u>-</u>	<u>250,079,217</u>	<u>-</u>
<b>Net Assets</b>	<u>396,991,007</u>	<u>446,307,211</u>	<u>100,745,570</u>	<u>(246,624,274)</u>	<u>96,562,500</u>
Share capital	250,000,000				
Share premium	75,000,000				
Unappropriated profit	71,991,007				
	<u>396,991,007</u>				





DAWOOD EQUITIES LIMITED

35. PROPOSED AND DECLARED DIVIDEND

The Board of Directors have not proposed a final dividend for the year ended June 30, 2008.

36. DATE FOR AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these financial statements for issue on 23-09-2008.

37. GENERAL

- a) Amounts have been rounded off to the nearest rupee unless otherwise stated.
- b) The figures of the corresponding year have been re-arranged, wherever necessary, to facilitate comparison. Following re-arrangements / reclassification have been made for better presentation of financial statements:

	Amount (Rupees)	From	To
Issued subscribed and paid up capital	87,500,000	Shares issued for consideration other than cash	Fully paid in cash

- d) The comparative figures provided in profit and loss account are not comparable as they are for the period from October 03, 2006 to June 30, 2007

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Chief Executive

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Director



DAWOOD EQUITIES LIMITED

PATTERN OF SHAREHOLDING

Number of Shareholders	Share Holding		Total Number of Share Held
	From	To	
11	1	100	523
4,397	101	500	2,198,275
821	501	1,000	820,099
819	1,001	5,000	2,146,500
155	5,001	10,000	1,226,703
43	10,001	15,000	560,000
21	15,001	20,000	396,500
14	20,001	25,000	327,000
14	25,001	30,000	395,500
3	30,001	35,000	98,000
3	35,001	40,000	120,000
3	40,001	45,000	125,000
4	45,000	50,000	197,550
2	50,001	55,000	106,500
2	55,001	60,000	117,500
3	60,001	65,000	186,000
2	65,001	70,000	133,500
1	75,001	80,000	76,500
2	80,001	85,000	164,500
2	95,001	100,000	200,000
2	100,001	105,000	203,500
1	115,001	120,000	120,000
1	120,001	125,000	120,500
1	130,001	135,000	134,500
1	155,001	160,000	158,350
1	195,001	200,000	200,000
3	225,001	230,000	690,000
1	325,001	330,000	330,000
1	485,001	490,000	490,000
1	400,001	405,000	403,500
1	505,001	510,000	508,500
1	1,395,001	1,400,000	1,400,000
1	1,495,001	1,500,000	1,500,000
1	1,795,001	1,800,000	1,800,000
1	1,995,001	2,000,000	2,000,000
1	2,620,001	2,625,000	2,625,000
1	2,715,001	2,720,000	2,720,000
6,342			25,000,000



DAWOOD EQUITIES LIMITED

Shareholder's Category	Number of Shareholder	Number of Shares Held	Percentage
1. Individuals	6,271	13,252,999	53.01
2. Investment Companies	6	5,391,000	21.56
3. Joint Stock Companies	59	1,288,501	5.15
4. Mutual Fund	1	508,500	2.03
5. Financial Institution	1	1,800,000	7.20
6. Modaraba Company	2	39,000	0.16
7. Others	2	2,720,000	10.88
	6,342	25,000,000	100.00

ADDITIONAL INFORMATION

Shareholder's Category	Designation	Number of Shares Held	Category Wise No. of Shares Held	% Age
<b>Directors &amp; Chief Executive Officer</b>	7	-	2,690,251	10.76
Mr. Muhammad Ayub	Director	2,625,000	-	10.50
Haji Abdul Ghani Haji Usman	Director	49,650	-	0.20
Mr. Muhammad Saleem Munshi	Director	598	-	0.00
Mr. Aziz Habib	Director	1	-	0.00
Mr. Junaid Zakaria Dada	Director	1	-	0.00
Mr. Abdul Qadir Sakhi	Director	1	-	0.00
Mr. Muhammad Munir Issani	Director / CEO	15,000	-	0.06

**Banks, DFIs, NBFIs, Insurance Companies, Modarabas and Mutual Funds & Others**

9 - 10,419,500 41.68

**Certificate Holders holding ten percent or more in the Company**

Mr. Muhammad Ayub 2,625,000 - 10.50

Chief Executive

Director



DAWOOD EQUITIES LIMITED

FORM OF PROXY

I/We, \_\_\_\_\_

of \_\_\_\_\_

Dawood Equities Limited appoint Mr./Mrs./Ms. \_\_\_\_\_

\_\_\_\_\_ of \_\_\_\_\_

as my proxy to vote for me/us and on my / our behalf at the Annual General Meeting to be held on 28th day of October, 2008 at 2.00 p.m. and at any adjournment thereof.

As witnessed under my/our hand this \_\_\_\_\_ day of \_\_\_\_\_ 2008. \_\_\_\_\_

Signed by \_\_\_\_\_ in presence of

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Signature and address of the witness

Signature and address of the witness

Please affix  
revenue  
stamp

\_\_\_\_\_

Signature of member



DAWOOD EQUITIES LIMITED

Affix  
correct  
postage

The Company Secretary  
DAWOOD EQUITIES LTD.  
1700-A, Saima Trade Tower,  
I. I. Chundrigar Road,  
Karachi.

**BOOK POST**  
**Printed Matter**

**UNDER CERTIFICATE OF POSTING**

*If undelivered, please return to:*

**DAWOOD EQUITIES LIMITED**

1700-A, Saima Trade Towers,

I.I. Chundrigar Road, Karachi-74000