



DAWOOD EQUITIES LIMITED

Un-Audited
Financial Statements
For the Half Year Ended
December 31, 2008



DAWOOD EQUITIES LIMITED

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DAWOOD EQUITIES LIMITED

CORPORATE INFORMATION

Chairman	Haji Abdul Ghani
Chief Executive Officer / Director	Mr. Muhammad Munir Issani
Directors	Mr. Abdul Qadir Sakhi Mr. Muhammad Ayub Mr. Muhammad Khalid Mr. Abdul Aziz Habib Mr. Junaid Zakaria Dada
Chief Financial Officer	Mr. Bilal Khaliq
Company Secretary	Syed Nazeer Haider Zaidi
Audit Committee	Mr. Abdul Aziz Habib - Chairman Mr. Muhammad Khalid - Member Mr. Abdul Qadir Shaki - Member
Auditors	Haroon Zakaria & Co. Chartered Accountants
Legal Advisor	Rauf & Ghaffar Law Associates
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
Web-site	www.dawoodequities.com
Registered Office & Head Office	1700-A, Saima Trade Towers, I.I Chundrigar Road, Karachi. Phonne No.: 021-2275256-8 Fax No. : 021-2275255
Registrars	F.D Registrar Services (SMC-Pvt.) Ltd 1705, Saima Trade Tower-A I.I Chundrigar Road, Karachi



DAWOOD EQUITIES LIMITED

DIRECTORS' REPORT

Dear Shareholders,

The directors' are pleased to present to you the un-audited financial statements of Dawood Equities Limited (DEL) for the second quarter ended December 31, 2008.

Financial Review

The total (loss) during the 2nd quarter stands at Rs. (22.531) Million as compared to total income of Rs. 65.476 Million in the same period last year. Total Expenses stand at Rs. 9.714 Million during the 2nd quarter under review as compare to Rs. 21.509 in the same quarter last year. The net assets of the Company stand at Rs. 346.394 Million as at December 31, 2008 as compared to Rs. 647.070 Million as of June 30, 2008. Basic Earnings per share stands at Rs. (2.028) at the end of December 31, 2008 however in the same quarter last year it was stands at Rs. 1.634 per share.

Economic Review

During this quarter countries all over world as well as Pakistan faced many pitfalls and challenges in economy, which has affected and increase in government borrowings, weakening rupee, increasing trade deficit, rising inflation and interest rate, unstable political and economic conditions. Securities and Exchange Commission of Pakistan impose and amend new as well as old rules and regulation for the members of Karachi Stock Exchange to comply in order to have a better control in this tough economic situation. State Bank of Pakistan continued to tighten its monetary policy to control the current situation. Petroleum prices declined but, have not effect on food, oil, gasoline and electricity prices instead, steady increase is observed as well as inflation is not likely to ease during financial year 2009.

Stock Market Review

An equity market of Pakistan is facing tough time. Securities and Exchange Commission of Pakistan and Karachi Stock Exchange (Guarantee) Limited have taken some preventive measure to reduce the speed of dip in the market. Sky rocketing global oil, gasoline, utilities and commodity prices has played a major role in our economic crisis. The impact of these conditions has resulted uncertainty for investors and it affects the overall volume of business in the economy.

KSE-100 index was touching an all time high of 12,276.22 and ended at a low of 5,865.01 during the FY 2009. At the beginning of FY 2009 stock market reflected a negative growth trail and KSE-100 index ended up 5,865 during the Second quarter of FY 2009. The economic activities remained plagued with political uncertainty, deteriorating law and order situation in the country especially northern areas, it caused concern among foreign and as well as local investors, the selling pressure remain continues in all sectors.

Outlook and Prospective

Certainly the FY 2009 is to be another tough year for Pakistan's economy which is likely to characterize by high inflation and falling GDP growth, weakening macroeconomic indicators, political, law and order situation do not suggest a turnaround performance over a short term. However, once the political reconciliation is reached and the government attention is focused on the real macroeconomics issues, the economic environment will improve, the country could face a better economic environment going forward. The company is continuing to focus on its strengths in the brokerage business and also diversify its services in other market segments in order to strengthen its revenue sources.



DAWOOD EQUITIES LIMITED

Shareholders return

During the period under review, your company has suffered a net loss Rs. 50.689 million after tax. Based on the results the Board of Directors has decided not to distribute any return to the shareholders for 2nd quarter ended December 31, 2008.

Placement of Company's Accounts on Its Web Site

You will be pleased to know that the Company's accounts have been placed on its Web Site www.dawoodequities.com. This will ensure the timely availability of Company's accounts to shareholders. The notice has already been published in newspapers on February 23, 2009.

Resignation of the Director

During the period under review one of our directors Mr. Muhammad Saleem Munshi has resigned from the Directorship of the company. To fill out casual vacancy the Board of Directors has appointed Mr. Muhammad Khalid as Director in place of outgoing director.

Acknowledgements

The Board is thankful to its valued shareholders for their confidence in the Company, its clients, the Securities & Exchange Commission of Pakistan and Karachi Stock Exchange (Guarantee) Limited for their valuable support, assistance and guidance. The Board also thanks to the employees of the Company for their dedication and hard work.

On behalf of the Board.

Muhammad Munir Issani
Chief Executive Officer/ Director

Haji Abdul Ghani
Chairman

Karachi: February 24, 2009

HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS**

INTRODUCTION:

We have reviewed the accompanying condensed interim balance sheet of DAWOOD EQUITIES LIMITED as at December 31, 2008, and the related condensed interim profit and loss account, condensed interim cash flow statement and condensed interim statement of changes in equity together with the condensed notes forming part thereof (here-in-after referred to as the "Interim financial information") for the six month period ended December 31, 2008. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed profit and loss account for the quarters ended December 31, 2008 and 2007 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2008.

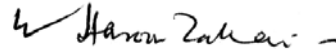
SCOPE OF REVIEW:

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

CONCLUSION:

Based on our review, nothing has come to our attention that causes us to believe that the annexed interim financial information are not presented fairly, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan.

The interim financial statements of the Company for the half year ended December 31, 2007 were audited by another auditor who has expressed qualified conclusion in its review report dated February 29, 2008. The qualified conclusion was expressed because certain components of interim financial information for the half year ended December 31, 2006 were not offered for review to those external auditors.



HAROON ZAKARIA & COMPANY
CHARTERED ACCOUNTANTS

Place: Karachi

Dated: 24th February, 2009



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DAWOOD EQUITIES LIMITED

Condensed Interim Balance Sheet As at December 31, 2008

	Note	(Un-Audited) December 31, 2008 Rupees	(Audited) June 30, 2008 Rupees
ASSETS			
NON CURRENT ASSETS			
Equipment	5	2,757,812	3,144,943
Intangible assets		265,000	310,000
Stock exchange membership card and room		95,525,000	95,525,000
Long term deposit		1,037,500	1,037,500
		99,585,312	100,017,443
CURRENT ASSETS			
Short term investments	6	257,826,891	598,507,905
Trade debtors - unsecured, considered good		136,624,629	129,331,338
Accrued income		-	9,705,483
Taxation - net		3,395,541	1,412,485
Advances, deposits and prepayments		972,636	8,561,848
Other receivables		720,760	866,559
Cash and bank balances		4,956,589	1,879,333
		404,497,046	750,264,951
TOTAL ASSETS		504,082,358	850,282,394
EQUITY AND LIABILITIES			
CAPITAL AND RESERVES			
Authorized share capital			
30,000,000 ordinary shares of Rs. 10/- each		300,000,000	300,000,000
Issued, subscribed and paid up capital		250,000,000	250,000,000
Shares premium		75,000,000	75,000,000
Unappropriated profit		21,302,123	71,991,007
		346,302,123	396,991,007
LONG TERM LIABILITIES			
Long term financing	7	-	250,000,000
Deferred taxation		91,906	79,217
		91,906	250,079,217
CURRENT LIABILITIES			
Short term borrowings		139,096,993	142,352,592
Trade and other payables		11,485,833	50,053,380
Accrued mark up		7,105,503	10,806,198
		157,688,329	203,212,170
CONTINGENCIES AND COMMITMENTS			
		-	-
TOTAL EQUITY AND LIABILITIES		504,082,358	850,282,394

The annexed notes form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

Condensed Interim Profit and Loss Account (Un-Audited) For the Six Month Period Ended December 31, 2008

	Note	Half Year Ended		Quarter Ended	
		2008 Rupees	2007 Rupees	2008 Rupees	2007 Rupees
Income		14,418,555	47,698,359	1,321,342	20,572,694
(Loss)/Gain on remeasurement at fair value through profit and loss		(36,946,641) (22,531,086)	17,777,322 65,475,681	(2,911,321) (1,589,979)	3,361,881 23,934,575
Administrative expenses		9,713,673 (32,244,759)	21,509,326 43,966,355	3,227,757 (4,817,736)	12,114,464 11,820,111
Other income		- (32,244,759)	61,850 44,028,205	- (4,817,736)	21,572 11,841,683
Financial charges		18,050,399	15,779,457	8,273,168	7,937,273
Net (loss)/profit for the period		(50,295,158)	28,248,748	(13,090,904)	3,904,410
Provision for Taxation					
Current		(381,037)	(3,738,557)	(381,037)	(3,738,557)
Deferred		(12,689)	-	(12,689)	-
Prior		-	-	-	-
		(393,726)	(3,738,557)	(393,726)	(3,738,557)
Net (loss)/profit after taxation		(50,688,884)	24,510,191	(13,484,630)	165,853
(Loss) / earnings per share - basic and diluted		(2.028)	1.634	(0.539)	0.011

The annexed notes form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

Condensed Interim Cash Flow Statement (Un-Audited) For the Six Month Period Ended December 31, 2008

	2008 Rupees	2007 Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Net (loss)/profit for the year	(50,295,158)	28,248,748
Adjustment for non cash items:		
Depreciation	605,431	288,471
Amortization on intangible assets	45,000	28,998
Financial charges	18,050,399	15,779,457
	<u>(31,594,328)</u>	<u>44,345,674</u>
Increase / (Decrease) in current assets		
Accrued income	9,705,483	(60,275)
Trade debtors	(7,293,291)	(50,207,782)
Advance, deposits and prepayments	7,589,212	(20,191,483)
Other receivables	145,799	(32,004,417)
	<u>10,147,203</u>	<u>(102,463,957)</u>
(Decrease) / increase in current liabilities		
Creditors, accrued and other liabilities	(38,537,160)	23,227,445
Financial charges paid	(21,781,481)	(3,786,075)
Taxation - paid	(2,364,093)	(5,765,256)
	<u>(62,682,734)</u>	<u>13,676,114</u>
Net cash (used in) from operating activities	<u>(84,129,859)</u>	<u>(44,442,169)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of tangible fixed assets	(218,300)	(189,500)
Purchase of intangible fixed assets	-	(40,000)
Purchase of KSE room	-	(8,025,000)
Short term investment	15,681,014	(50,698,066)
Placement and finance	-	41,484,995
Net generated / (used in) from investing activities	<u>15,462,714</u>	<u>(17,467,571)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Long term financing	(250,000,000)	-
Net cash (used in) financing activities	<u>(250,000,000)</u>	<u>-</u>
Net decrease in cash and cash equivalents	(318,667,145)	(61,909,740)
Cash and cash equivalents at the beginning of the period	184,526,741	258,330,064
Cash and cash equivalents at the end of the period	<u>(134,140,404)</u>	<u>196,420,324</u>
Cash and cash equivalents comprise of:		
Cash and bank balances	4,956,589	94,474
Short term running finance	(139,096,993)	(53,674,150)
Short term investment	-	250,000,000
	<u>(134,140,404)</u>	<u>196,420,324</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

Condensed Interim Statment of Changes in Equity (Un-Audited) For the Six Month Period Ended December 31, 2008

Description	Issued, Subscribed and paid up capital	Share premium	Unappropriat ed profit	Total
	← Rupees →			
Balance as at July 01, 2007	150,000,000	-	14,544,003	164,544,003
Net profit during the period	-	-	24,510,191	24,510,191
Balance as at December 31, 2007	<u>150,000,000</u>	<u>-</u>	<u>39,054,194</u>	<u>189,054,194</u>
Balance as at July 01, 2008	250,000,000	75,000,000	71,991,007	396,991,007
Net loss during the period	-	-	(50,688,884)	(50,688,884)
Balance as at December 31, 2008	<u>250,000,000</u>	<u>75,000,000</u>	<u>21,302,123</u>	<u>346,302,123</u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

Notes to the Financial Statements (Un-Audited) For the Six Months Period Ended December 31, 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 investment etc.
- 1.2 The Company commenced commercial operations from October 3, 2006.

2 BASIS OF PRESENTATION

These condensed interim financial statements are unaudited but subject to limited scope review by auditors and have been prepared in accordance with the requirements of the International Financial Reporting Standard (IFRS) IAS 34 Interim Financial Reporting as applicable in Pakistan. These condensed interim financial statements do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended 30 June 2008.

These condensed interim financial statements are being submitted to the shareholders as required by listing regulations of Karachi Stock Exchanges and section 245 of the Companies Ordinance, 1984.

These condensed interim financial statements have been presented in Pakistan Rupees, which is the functional currency of the Company.

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied for the preparation of these condensed interim financial statements are the same as those applied in preparation of the annual audited financial statements of the Company for the year ended 30 June 2008.

4 ESTIMATES

The preparation of condensed interim financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expenses. Actual results may differ from these estimates. The significant judgments made by the management in applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 30 June 2008 except for property, plant and equipment and intangible.

During the period the Company has changed the method of charging depreciation. Previously, depreciation on additions was charged for the whole year in the year of additions and no depreciation was charged in the year of disposal. Now, depreciation on additions is charged from the date on which asset is acquired till its disposal. The change in accounting estimates has been applied prospectively. Had there been no change in accounting estimate the loss for the six months ended 31 December 2008 would have been higher by 0.013 million. The carrying amount of property plant and equipment would have been higher by the same amount.



DAWOOD EQUITIES LIMITED

		December 31, 2008 (Un-audited) Rupees	June 30, 2007 (Audited) Rupees
5 PROPERTY, PLANT AND EQUIPMENT	Note		
Opening net book value	5.1	3,144,943	1,662,596
Additions		218,300	2,672,515
Depreciation		(605,431)	(1,190,168)
Closing net book value		<u>2,757,812</u>	<u>3,144,943</u>
5.1 Following additions in assets at cost were made during the period:			
Computer		29,300	1,005,975
Office equipment		189,000	186,050
Motor vehicle		-	1,480,490
		<u>218,300</u>	<u>2,672,515</u>
6 SHORT TERM INVESTMENTS			
Fair value through profit and loss			
Held for trading			
Ordinary shares	6.1	58,844,402	105,131,294
Units of open end funds	6.2	2,441,501	2,898,185
Term finance certificate (3,877 Units of Trust Investment Bank Ltd of Rs. 5000/= each)		19,385,000	-
Initially designed at fair value through profit & loss account	6.3	177,155,988	165,478,426
Held to maturity			
Certificate of Investment-Financial institution		-	100,000,000
Placement of fund			
Financial institution		-	75,000,000
Modaraba		-	150,000,000
		<u>257,826,891</u>	<u>598,507,905</u>
No. of shares 2008 (Un-Audited)	No. of shares 2008 (Audited)		
6.1			
		Held to trading	
		Ordinary shares	
		Quoted securities	
731,950	731,950	First Dawood Investment Bank Limited	29,431,710
190	190	BRR Guardian Modaraba	598
15,000	15,000	Askari Commercial Bank Limited	218,550
5,000	5,000	United Bank Limited	184,550
4,400	1,000	Pakistan Petroleum Limited	442,728
1,000	1,000	The Bank Of Punjab	13,200
2,700	2,700	National Bank Of Pakistan Limited	135,864
25,000	25,000	Bank Al Habib Limited	621,750
1,150	1,150	Bank Al Falah Limited	19,240
509,600	509,600	American Life Insurance Company Limited	22,315,384
25,000	25,000	Habib Metro Bank Limited	658,250
5,437	3,625	IGI Insurance Limited	626,723
6,000	6,000	New Jubilee Insurance Limited	588,960
2,000	2,000	Fauji Fertilizer Company Limited	117,460
2,500	2,500	The Hub Power Company Limited	35,225
34,500	35,000	Bosicor Pakistan Limited	160,770
223,673	223,673	Engro Polymer & Chemical Limited	3,261,152
2,222	2,000	Arif Habib Bank Limited	12,288
<u>1,597,322</u>	<u>1,592,388</u>		<u>58,844,402</u>
			105,131,294



DAWOOD EQUITIES LIMITED

No. of shares 2008 (Un-Audited)	No. of shares 2008 (Audited)		December 31, 2008 (Un-Audited) Rupees	June 30, 2008 (Audited) Rupees
6.2		Units of open end funds		
79,634.9871	77,535.8015	NAFA Stock Fund	656,017	888,894
107,276.4598	101,967.6131	NAFA Islamic Income Fund	932,994	1,055,691
100,000.0000	100,000.0000	NAFA Islamic Multi-Asset Fund	852,490	953,600
<u>286,911.4469</u>	<u>279,503.4146</u>		<u>2,441,501</u>	<u>2,898,185</u>

6.3		Initially designed at fair value through profit & loss		
		Ordinary shares		
		Quoted securities		
386,713	257,292	First Dawood Investment Bank Limited	15,549,729	1,826,691
567,613	516,012	Dawood Capital Management	12,351,259	14,396,735
<u>954,326</u>	<u>773,304</u>		<u>27,900,988</u>	<u>16,223,426</u>

		Ordinary shares		
		Unquoted securities		
14,925,500	14,925,500	Dawood Family Takaful Company Limited	149,255,000	149,255,000
<u>15,879,826</u>	<u>15,698,804</u>		<u>177,155,988</u>	<u>165,478,426</u>

7 LONG TERM FINANCING

	-	100,000,000
Secured	-	150,000,000
Financial institution	-	250,000,000
Modaraba		

8 TRANSACTION WITH RELATED PARTIES

Related parties comprises of major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefits fund, directors, key management personal and their close family members.

Contributions to and accruals in respect of staff retirements and other benefits plans are made in accordance with the terms of the contribution plan. Remuneration to the chief executive in accordance with the terms of their appointment.

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

	December 31, 2008 (Un-Audited) Rupees	December 31, 2007 (Un-Audited) Rupees
With Key Management Personnel		
Remuneration to Chief Executive Officer	<u>1,066,972</u>	<u>-</u>



DAWOOD EQUITIES LIMITED

9 DATE FOR AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these financial statements for issue on 24th February, 2009.

10 GENERAL

Amounts have been rounded off to the nearest rupee unless otherwise stated.

Comparative figures have been rearranged and regrouped, wherever necessary.

Chief Executive

Director

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