



DAWOOD EQUITIES LIMITED

**First Quarterly Report  
September 30, 2008  
(Un-Audited)**



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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 Saleem Munshi 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 Saleem Munshi-Member Mr. Abdul Qadir Sakhi-Member
Legal Adviser	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	<a href="http://www.dawoodequities.com">www.dawoodequities.com</a>
Registered Office	1700-A, Saima Trade Towers, I.I.Chundrigar Road, Karachi. Phone No. : 021-2275256-8 Fax No. : 021-2275255
Registrar	F.D. Registrar (SMC-Pvt.) Ltd.1705, Saima Trade Tower A, I.I.Chundrigar Road, Karachi.



DAWOOD EQUITIES LIMITED

## Directors' Report

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

### Dear Shareholders,

The directors' are pleased to present to you the un-audited financial statements of Dawood Equities Limited (DEL) for the first quarter ended September 30, 2008.

The total (loss) during the 1st quarter stands at Rs. (20.941) Million as compared to total income of Rs. 41.581 Million in the same period last year. Total Expenses stand at Rs. 16.263 Million during the 1st quarter under review as compare to Rs. 17.237 in the same quarter last year. The net assets of the Company stand at Rs. 359.787 Million as at September 30, 2008 as compared to Rs. 204.249 Million as of September 30, 2007. Basic Earnings per share stands at Rs. (1.488) at the end of September 30, 2008 however in the same quarter last year it was stands at Rs. 1.623 per share.

### Economic Review

Increase in government borrowings, weakening rupee, increasing trade deficit, rising inflation and interest rate, unstable political and economic conditions were the features driving the economy. Pakistan's economy endured a tough year, State Bank of Pakistan continued to tighten its monetary policy to control the current situation. The increase in global food and oil prices, pressure on the current account and inflation is not likely to ease during financial year 2009. Consequently, Pakistan's balance of payment deficit suffered with foreign reserves which had US\$ 16.50 bn in October 2007 and fallen US\$ 8.9 bn in September 2008.

### Stock Market Review

Equity markets all over the world are having tough time and Pakistan has no exception. Sky rocketing global oil and commodity prices has played a major role in global 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 15,676 and ended at a low of 11,162 during the FY 2008. At the beginning of FY 2009 stock market reflected a negative growth trail and KSE-100 index ended up 9,179 during the first 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.

### Acknowledgements

The Board of Directors of your company would like to express its gratitude to the clients and business partners for their faith and support and the employees for their dedication and commitment.

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

On behalf of the Board

**Muhammad Munir Issani**  
Chief Executive / Director

**Haji Abdul Ghani**  
Chairman

Karachi: 25 October 2008



DAWOOD EQUITIES LIMITED

**Condensed Interim Balance Sheet**  
As at September 30, 2008

	Note	September 30, 2008 (Un-audited) Rupees	June 30, 2008 (Audited) Rupees
<b>ASSETS</b>			
<b>NON CURRENT ASSETS</b>			
Property, plant and equipment	4	2,892,309	3,144,943
Intangible assets		287,500	310,000
Stock exchange membership card and room		95,525,000	95,525,000
Long term deposit		1,037,500	1,037,500
		99,742,309	100,017,443
<b>CURRENT ASSETS</b>			
Short term investments	5	399,833,014	598,507,905
Trade debts - unsecured, considered good		139,189,997	129,331,338
Accrued income		269,304	9,705,483
Taxation - net		3,456,634	1,412,485
Advances, trade deposits and short term prepayments	6	7,657,495	8,561,848
Other receivables		723,168	866,559
Cash and bank balances	7	836,619	1,879,333
		551,966,231	750,264,951
<b>TOTAL ASSETS</b>		<b>651,708,540</b>	<b>850,282,394</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			
25,000,000 (June 30, 2008 : 25,000,000)		250,000,000	250,000,000
ordinary shares of Rs. 10/- each fully paid in cash		75,000,000	75,000,000
Share Premium		34,786,753	71,991,007
Unappropriated profit			
		359,786,753	396,991,007
<b>LONG TERM LIABILITIES</b>			
Long term financing	8	100,000,000	250,000,000
Deferred taxation		79,217	79,217
		100,079,217	250,079,217
<b>CURRENT LIABILITIES</b>			
Short term borrowings	9	146,821,345	142,352,592
Trade and other payables		36,753,275	50,053,380
Accrued markup		8,267,950	10,806,198
		191,842,570	203,212,170
<b>COMMITMENTS</b>	10	-	-
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>651,708,540</b>	<b>850,282,394</b>

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 Quarter ended September 30, 2008**

	<b>July 01, 2008 to September 30, 2008 Rupees</b>	<b>July 01, 2008 to September 30, 2007 Rupees</b>
Income	13,097,213	27,125,665
(Loss)/Gain on investments measured at fair value through profit and loss	(34,038,320)	14,415,441
Administrative expenses	(20,941,107) 6,485,916	41,541,106 9,394,862
Other income	(27,427,023) -	32,146,244 40,278
Financial charges	(27,427,023) 9,777,231	32,186,522 7,842,184
Net (loss) / profit for the period	(37,204,254)	24,344,338
Taxation	-	-
Net (loss) / profit after taxation	(37,204,254)	24,344,338
Earnings per share - basic and diluted	(1.488)	1.623

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

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 Quarter ended September 30, 2008

	2008 Rupees	2007 Rupees
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net profit/loss) for the period	(37,204,254)	24,344,338
Adjustment for non cash items:		
Depreciation	300,934	131,615
Amortization on intangible assets	22,500	14,499
Loss/(Gain) on investments measured at fair value through profit and loss	34,038,320	(14,415,441)
Financial charges	9,777,231	7,842,184
	<u>6,934,731</u>	<u>17,917,195</u>
<b>(Increase) / decrease in current assets</b>		
Accrued income	9,436,179	1,356,163
Trade debtors	(9,858,659)	(6,740,397)
Advance, deposits and prepayments	904,353	(1,970,517)
Other receivables	143,391	4,933,788
	<u>625,264</u>	<u>(2,420,963)</u>
<b>(Decrease) / increase in current liabilities</b>		
Trade and other payables	(11,131,952)	559,152
	<u>(3,571,957)</u>	<u>16,055,384</u>
Cash generated from operations	(3,571,957)	16,055,384
Taxes - paid	(2,044,149)	(2,225,045)
Financial charges paid	(14,483,632)	(9,347,132)
<b>Net cash (used in) / generated from operating activities</b>	<u>(20,099,738)</u>	<u>4,483,207</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of tangible fixed assets	(48,300)	(40,100)
Purchase of intangible fixed assets	-	(40,000)
Purchase of KSE room	-	(8,025,000)
Short term investment	(20,363,429)	(9,076,544)
Placement and finance	-	17,165,575
Long term deposit	-	-
<b>Net cash used in investing activities</b>	<u>(20,411,729)</u>	<u>(16,069)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long term borrowings	(150,000,000)	-
Long term musharika finance	-	-
Issuance of shares	-	-
Share Premium	-	-
Share deposit money	-	-
<b>Net cash used in financing activities</b>	<u>(150,000,000)</u>	<u>-</u>
Net (decrease) / increase in cash and cash equivalents	(190,511,467)	4,467,138
Cash and cash equivalents at the beginning of the period	184,526,741	258,330,064
	<u>(5,984,726)</u>	<u>262,797,202</u>
Cash and cash equivalents at the end of the period	<u>(5,984,726)</u>	<u>262,797,202</u>
<b>Cash and cash equivalents comprise of:</b>		
Cash and bank balances	836,619	12,797,202
Short term borrowings	(146,821,345)	-
Short term investment	140,000,000	250,000,000
	<u>(5,984,726)</u>	<u>262,797,202</u>

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

Chief Executive

Director



DAWOOD EQUITIES LIMITED

**Condensed Statement of Changes in Equity (Un-Audited)**  
**For the Quarter Ended September 30, 2008**

	Issued, subscribed and paid up capital	Share Premium	Unappro- priated profit	Total
	Rupees			
Balance as at July 01, 2007	150,000,000	-	14,544,003	164,544,003
Profit for the period July 2007 to September 2007	-	-	24,344,338	24,344,338
<b>Balance as at September 30, 2007</b>	<b>150,000,000</b>	<b>-</b>	<b>38,888,341</b>	<b>188,888,341</b>
Share issued during the period	100,000,000	75,000,000	-	175,000,000
Net profit during the period	-	-	33,102,666	33,102,666
<b>Balance as at June 30, 2008</b>	<b>250,000,000</b>	<b>75,000,000</b>	<b>71,991,007</b>	<b>396,991,007</b>
Net profit during the period July 2008 to September 2008	-	-	(37,204,254)	(37,204,254)
<b>Balance as at September 30, 2008</b>	<b>250,000,000</b>	<b>75,000,000</b>	<b>34,786,753</b>	<b>359,786,753</b>

Chief Executive

Director





DAWOOD EQUITIES LIMITED

## Notes to the Financial Statements (Un-Audited) For the Quarter ended September 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 investment etc.
- 1.2 The Company commenced commercial operations from October 3, 2006.

### 2. BASIS OF PRESENTATION

These financial statements are unaudited but subject to limited scope review by auditors.

The disclosures made in these financial statements have, however, been limited in accordance with the requirements of International Accounting Standard 34 "Interim Financial Reporting".

These condensed financial statements are un-audited are prepared in accordance with the approved accounting standards as applicable in Pakistan and the requirements of the Companies Ordinance, 1984. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of Companies Ordinance, 1984. Wherever the requirements of the Companies Ordinance, 1984 or directives issued by the Securities and Exchange Commission of Pakistan differ with the requirements of these standards, the requirements of the Companies Ordinance, 1984 or the requirements of the said directive take precedence.

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

### 3. ACCOUNTING POLICIES

The accounting policies adopted and methods of computation followed in the preparation of these condensed interim financial statements are the same as those for the preceding published annual financial statements for the year ended June 30, 2008.

### 4. PROPERTY, PLANT AND EQUIPMENT

	September 30, 2008 (Un-audited) Rupees	June 30, 2008 (Audited) Rupees
Written down value at the beginning of the period/year	3,144,943	1,662,596
Add: Additions during the period/year	4.1 48,300	2,672,515
Less: Depreciation during the period/year	(300,934)	(1,190,168)
Written down value at the ending of the period/year	<u>2,892,309</u>	<u>3,144,943</u>



**DAWOOD EQUITIES LIMITED**

	<b>September 30, 2008 (Un-audited) Rupees</b>	<b>June 30, 2008 (Audited) Rupees</b>
4.1 Following additions in assets at cost were made during the period/year:		
Computer	29,300	1,005,975
Office equipment	19,000	186,050
Furniture and fixture	–	–
Motor vehicles	–	1,480,490
	48,300	2,672,515
	48,300	2,672,515

**5. SHORT TERM INVESTMENTS**

Fair value through profit and loss-

Held for trading

Ordinary shares 64,671,428 105,131,294

Units of open end funds 2,591,512 2,898,185

Term finance certificate 19,385,000 –

Initially designated at fair value through profit and loss account 173,185,074 165,478,426

Held to maturity

Certificate of Investment-Financial institution – 100,000,000

Placement of fund with:

Financial institution 5.1 140,000,000 75,000,000

Modaraba – 150,000,000

399,833,014 598,507,905

399,833,014 598,507,905

**5.1** Placement of funds carries an expected mark-up at the rate of 23.34% and 16.13% per annum (June 30, 2008: 16% per annum) with a tenor of 11 days and 65 days (June 30, 2008: 31 days). Profit is receivable on maturity and date of maturity is October 10, 2008 and November 27, 2008 (June 30, 2008: August 04, 2008).

**6. ADVANCES, DEPOSITS AND PREPAYMENT**

(Unsecured - Considered good)

Advance against salary & expenses 245,750 416,754

Trade deposits 6.1 7,109,096 7,816,278

Prepayments 302,649 328,816

7,657,495 8,561,848

7,657,495 8,561,848

**6.1** This deposit comprises of exposure deposit against future contracts amounting to Rs. 6.834 million (June 30, 2008: Rs. 7.341 million), exposure deposit against provisional listing amounting to Rs. 0.276 (June 30, 2008: Rs. 0.276 million) and initial deposit against provisional listing amounting to Rs. Nil (June 30, 2008: 0.200 million).



**DAWOOD EQUITIES LIMITED**

		<b>September 30, 2008 (Un-audited) Rupees</b>	<b>June 30, 2008 (Audited) Rupees</b>
<b>7. CASH AND BANK BALANCES</b>			
Cash at banks - current accounts	7.1	836,619	1,879,333
		836,619	1,879,333
<b>7.1</b> Current account carries Rs. Nil mark-up (mark-up at rates ranging from June 30, 2008: 1.25% to 1.75% per annum).			
<b>8. LONG TERM BORROWING</b>			
Secured			
Financial institution		–	100,000,000
Modaraba	8.1	100,000,000	150,000,000
		100,000,000	250,000,000
<b>8.1</b> Musharika finance carries expected mark-up at rate of 21% per annum (June 30, 2008: 12% per annum) with repayment due on October 10, 2008 (June 30, 2008: December 31, 2009). The facility is secured against investments held by the Company.			
<b>9. SHORT TERM BORROWINGS</b>			
Secured			
Facility-I	9.1	74,225,240	66,339,340
Facility-II	9.2	72,596,105	76,013,252
		146,821,345	142,352,592
<b>9.1</b> 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.			
<b>9.2</b> 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.			
<b>10. COMMITMENTS</b>			
<b>10.1 Commitments</b>			
There were no capital commitments as at the balance sheet date. (Underwriting agreement June 30, 2008: Rs. 25 Million).			



**DAWOOD EQUITIES LIMITED**

**11. TRANSACTION WITH RELATED PARTIES**

The company in the normal course of business carries out transactions with various related parties. Significant balances and transaction with related parties as follows.

Investments	299,336,000	588,999,125
Borrowings	119,385,000	444,854,442
Commission earned from brokerage transactions	290,126	13,970,268
Profit earned from redumption of units	–	96,376
Markup received on certificate of investment during the period / year	3,887,671	11,030,136
Markup received on placement of funds during the period / year	11,618,507	16,424,659
Markup paid on borrowings during the period / year	13,406,314	30,017,808
Markup charged on borrowings during the period / year	115,068	31,136,195
Sharing of Expenses	350,962	–

**12. REMUNERATION OF CHIEF EXECUTIVE**

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

Managerial remuneration	351,999	1,139,034
House rent allowance	128,001	465,966
Medical expenses	9,303	24,000
Total	<u>489,303</u>	<u>1,629,000</u>
Number of person	<u>1</u>	<u>1</u>

**13. DATE FOR AUTHORIZATION FOR ISSUE**

The Board of Directors of the Company authorized these condensed financial statements for issue on\_\_\_\_\_.

**14. GENERAL**

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

Chief Executive

Director

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