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CORPORATE INFORMATION

Management Company	Dawood Capital Management Limited 1500-A Saima Trade Towers I. I. Chundrigar Road, Karachi 74000 UAN: 111-DAWOOD (111-329-663) PABX: (92-21) 3227-1874 Fax: (92-21) 3227-1912 E-mail: dcm@firstdawood.com URL: www.firstdawood.com/dcm		
Board of Directors	Mr. Feroze Sayeed-Ud-Deane Miss Tara Uzra Dawood Mr. Iftikhar Hussain Mr. Nazimuddin Feroz AVM (Retd.) Zulfiqar Ahmed Shah Mr. S. Shababat Hussain Mr. Gul Nawaz	Chairman Chief Executive Officer Director Director Director Director Director	(Nominee of BRRGM) (Nominee of FDIBL) (Nominee of BRRGM) (Nominee of FDIBL) (Nominee of NIT)
Chief Financial Officer	Mr. Muhammad Saleem Munshi		(Subject to SECP Approval)
Company Secretary	Mr. Tahir Mehmood		
Audit Committee	AVM (Retd.) Zulfiqar Ahmed Shah Mr. Iftikhar Hussain Mr. Gul Nawaz	Chairman Member Member	
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S., Main Shakra-e-Faisal, Karachi-74400 Ph : (92-21) 111-111-500 Fax : (92-21) 34326020-23		
Auditors	M. Yousuf Adil Saleem & Co., Chartered Accountants		
Tax Advisor	Mazhar Associates A-1/E-3, Faiza Avenue Karachi.		
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza 6-cl-10 Beaumont Road, Karachi 75530 Telephone: (021) 3565-7658/9, 3565-7674 Fax: (021) 3565-7673 E-mail: bawaney@cyber.net.pk		
Registrars	Gangjees Registrar Services (Pvt.) Limited Room # 516, 5th. Floor, Clifton Centre Kehkashan Clifton, Karachi		
Distributors	IGI Investment Bank Ltd. Alfalalah Securities (Pvt.) Ltd. Atlas Capital Market (Pvt.) Ltd. BMA Financial Services (Pvt.) Ltd.		
Banker:	Dawood Islamic Bank Limited Al Baraka Islamic Bank Limited Habib Metropolitan Bank Limited Standard Chartered Bank (Pakistan) Limited		
Rating	PACRA: 4-Star		
AMC Rating	PACRA : AM4+		



DIRECTORS' REPORT

It gives me immense pleasure to present on behalf of the Board of Directors of Dawood Capital Management Limited ("DCM"/"the Company"), the Management Company of **Dawood Islamic Fund** ("DIF"/"the Fund"), the reviewed financial statements for the half year ended December 31, 2009.

Economic Outlook

Pakistan has shown gradual recovery on the macroeconomic front in the first quarter of fiscal year 2010. Rising year-on-year inflation which averages 20% last year, eased to 10.12% at the end of second quarter. The State Bank of Pakistan gradually reduced the interest rate to 12.5%, which has been resulting in the reduction of the income level of debt securities.

Mutual Fund Industry Outlook

The Pakistani Mutual Fund Industry along with the Global Mutual Funds went through a very turbulent period in last two years, in coping with an unprecedented economic crisis, lead to an acute liquidity crunch. The markets still lack sufficient trading depth to absorb any significant selling in Stocks or Debt Instruments due to liquidity issues, resulting a severe negative impact on the Corporate Sector. An estimated 25 percent of the A rated Securities have defaulted and Mutual Fund Industry went through the fire which pushed the industry towards forced selling positions at huge discounts consequential in huge losses.

Debt Market Review

In 2009, Debt Securities prices showed substantial decline, as a result of severe economic and liquidity crises. The corporate earnings are expected to rise by 18% in 2010 which should bolster the market to higher levels. Also with most of the Debt Securities defaulted in last couple of years are now being restructured and the Mutual Funds will get advantage of reversal of their provisions, thus will provide additional returns to their investors in future.

T-Bill rates are expected to remain on the higher side in 2010 with the government continuously relying on T-bills to meet its budget deficit.

Equity Market Review

The KSE-100 index started from 7,162.18 points in the first half of the FY 2009-10 and closed at 9,386.92 points, posted a remarkable performance of 31.06% over the period. Market Capitalization also surged 28% to Rs. 2.7 trillion on that date compared to Rs. 2.1 trillion on June 30, 2009.

The growth of KSE 100 index in first quarter was 30.54% whereas in second quarter it was 0.39%, due to the unstable political conditions as well as law and order situation during 2009-10. Also the rising inflationary pressures towards the end of the first half of FY 2009-10 led to increased uncertainty.

Fund Performance

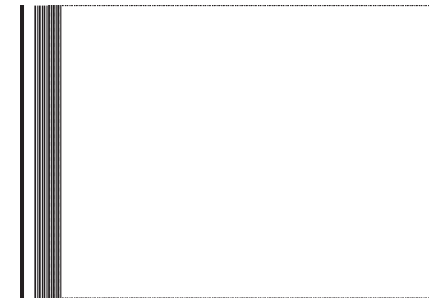
DIF is an Open end Shariah Compliant Asset Allocation Fund having investment strategy to provide investors with exposure to a range of Shariah based equity securities, debt securities and short-term Musharika placements. The Fund's strategy aims to not only



preserve investors' capital but also to maximize the value of their investments while providing a stable stream of income.

The Fund's total income during the period increased to Rs. 27 million as compared to total income of Rs. 0.44 million in the same period last year. The total expenses were Rs. 10.53 million as opposed to Rs. 5.81 million, mainly due to increase in impairment loss of Rs. 4.51 million. The Net Assets Value (NAV) of DIF increased to Rs. 102.07 per unit from Rs. 89.77 per unit, as of December 31, 2009.

The graphical illustration of DIF portfolio allocation as at December 31, 2009 as follows:



In the light of the amendment in Workers' Welfare Fund as disclosed in Note 6 to the Financial Statements, the Management, based on a legal advice, is of a firm view that as Collective Investments Schemes are paper entities and are not establishments, thus Workers Welfare Ordinance, 1971 is not applicable and provisioning in the accounts is not required. However, in a remotely improbable event, if the Collective Investments Schemes are considered as industrial establishments, per unit adverse impact shall be Rs. 0.091 as of December 31, 2009.

Acknowledgement

The Directors wish to express their gratitude to the Securities & Exchange Commission of Pakistan and other regulatory bodies for their valuable support, assistance and guidance during these times of recovery. The Board also thanks the employees of the Asset Management Company, the Trustee and Shariah Advisors for their dedication and hard work and the unit holders for their confidence in the Management.

For and on behalf of the
Board of Directors,

February 25, 2010
Karachi.

Chairman



TRUSTEE REPORT TO THE UNIT HOLDERS



Report of the Trustee pursuant to Regulation 41(h) of the Non-Banking Finance Companies and Notified Entities Regulations, 2008

The Dawood Islamic Fund (the Fund), an open-end Fund was established under a trust deed dated September 13, 2006, executed between Dawood Capital Management Limited, as the Management Company and Central Depository Company of Pakistan Limited, as the Trustee.

1. In our opinion, the Management Company has in all material respects managed the Fund during the six months period ended December 31, 2009 in accordance with the provisions of the following:

- (i) Limitations imposed on the investment powers of the management company under the constitutive documents of the Fund;
- (ii) The pricing, issuance and redemption of units are carried out in accordance with the requirements of the constitutive documents of the Fund; and
- (iii) The Non-Banking Finance Companies (Establishment and Regulations) Rule, 2003, the Non-Banking Finance Companies and Notified Entities Regulations, 2008 and the constitutive documents of the Fund.

Muhammad Hanif Jakhura

Chief Executive Officer

Central Depository Company of Pakistan Limited

Karachi: February 25, 2010



AUDITORS' REPORT TO THE UNIT HOLDERS' ON REVIEW OF INTERIM FINANCIAL INFORMATION

Deloitte.

M. Yousuf Adil Saleem & Co
Chartered Accountants
Cavish Court, A-35, Block 7 & 8
KCHSU, Sharea Faisal,
Karachi-75350
Pakistan

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Fax: +92 (0) 21-454 1314
Web: www.deloitte.com

Introduction

We have reviewed the accompanying condensed interim statement of assets and liabilities of Dawood Islamic Fund as at December 31, 2009, and the related condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement (here-in-after referred to as the 'interim financial information') for the half year ended December 31, 2009. Management Company is responsible for the preparation and fair 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 interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the quarters ended December 31, 2008 and 2009 have not been reviewed, as we are required to review only the cumulative figures for the half year ended December 31, 2009.

Scope of Review

We conducted our review in accordance with 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 accompanying interim financial information is not prepared, in all material respects, in accordance with approved accounting standards as applicable in Pakistan.

Chartered Accountants

Engagement Partner:
Mushtaq Ali Hirani

Karachi : February 25, 2010



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT DECEMBER 31, 2009**

		December 31, 2009 (Un-Audited) Rupees	June 30, 2009 (Audited) Rupees
	Note		
<i>Assets</i>			
Investments	5	331,136,784	323,891,898
Dividend and Profit Receivables		8,614,134	9,656,294
Deposit and Other Receivables		11,740,408	4,879,583
Preliminary Expenses and Floatation Cost		1,250,000	1,500,000
Bank Balances		18,392,171	49,577,351
Total Assets		371,133,497	389,505,126
<i>Liabilities</i>			
Payable to Management Company		1,474,211	1,943,204
Payable to Central Depository Company - Trustee		63,228	59,093
Annual Fee Payable to Securities and Exchange Commission of Pakistan		184,216	376,202
Accrued Expenses and Other Liabilities		357,028	387,367
Total Liabilities		2,078,683	2,765,866
CONTINGENCY	6	-	-
NET ASSETS		369,054,814	386,739,260
UNIT HOLDERS FUND (as per statement attached)		369,054,814	386,739,260
Number of Units in Issue		3,615,826	3,787,008
Net Assets Value per Unit (Face Value per Unit Rs.100/-)		102.07	102.12

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

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2009**

		Half Year Ended December 31, 2009	2008	Quarter Ended December 31, 2009	2008
		----- Rupees -----			
<i>Income</i>					
Profit on Investment in Debt Securities		10,023,527	15,650,513	3,805,358	8,525,275
Profit on Musharika Placements		6,137,220	7,491,343	2,965,919	3,475,918
Capital Gain/(Loss) on Sale of Securities		7,674,298	(5,308,429)	3,310,833	(268,946)
Dividend Income		1,861,342	2,883,286	918,942	1,079,706
Profit on Bank Balances		1,154,601	328,864	637,371	95,023
Element of (Loss)/Income and Capital (Loss)/Gains in Prices of Units Sold Less Those in Units Redeemed		(994,488)	272,079	(599,528)	(12)
Appreciation/(Diminution) on Remeasurement of Investments - 'At Fair Value through Profit or Loss'		1,143,149	(20,877,642)	(4,776,078)	(12,374,117)
Total Income		26,999,649	440,014	6,262,817	532,847
<i>Expenses</i>					
Impairment Loss	5.2	6,037,500	1,527,500	6,037,500	1,527,500
Remuneration to Management Company		2,908,677	3,107,481	1,451,932	1,511,697
Remuneration of Central Depository Company - Trustee		387,824	414,331	193,591	201,560
Annual Fee to Securities and Exchange Commission of Pakistan		184,216	200,644	91,955	94,258
Securities Transactions Costs		433,928	97,449	178,328	17,696
Auditors' Remuneration		188,750	147,500	98,750	73,348
Fee and Subscription		122,330	30,638	100,991	(16,881)
Amortization of Preliminary Expenses and Floatation Cost		250,000	250,000	125,000	123,973
Printing Charges		10,000	21,300	-	11,300
Bank Charges		10,551	9,649	4,828	2,858
Total Expenses		10,533,776	5,806,492	8,282,875	3,547,309
NET INCOME/(LOSS) FOR THE PERIOD CARRIED FORWARD TO DISTRIBUTION STATEMENT		16,465,873	(5,366,478)	(2,020,058)	(3,014,462)
Earnings/(Loss) Per Unit - Basic and Diluted		4.55	(1.28)	(0.56)	(0.72)

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

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT
OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2009**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2009	2008	2009	2008
	←----- Rupees -----→			
Net Income/(Loss) for the Period	16,465,873	(5,366,478)	(2,020,058)	(3,014,462)
Other Comprehensive Income				
Element of Loss /(Income) and Capital Loss/(Gain) in Prices of Units Sold Less Those in Units Redeemed	994,488	(272,079)	599,528	12
Unrealized Appreciation on Remeasurement of Investments Classified as 'Available For Sale Investments'	2,660,226	(38,729,687)	2,113,598	(38,094,415)
Total Comprehensive Income/(Loss) for the Period	20,120,587	(44,368,244)	693,068	(41,108,865)

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

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2009**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2009	2008	2009	2008
	----- Rupees -----			
Undistributed Income Brought Forward	21,445,094	38,895,204	20,238,586	(2,786,076)
Distribution of Bonus Units for the Year Ended June 30, 2009	19,692,439	39,329,264	-	-
	1,752,655	(434,060)	20,238,586	(2,786,076)
Income/(Loss) for the Period	16,465,873	(5,366,478)	(2,020,058)	(3,014,462)
Undistributed Income/(Loss) Carried Forward	18,218,528	(5,800,538)	18,218,528	(5,800,538)

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

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF MOVEMENT
IN UNIT HOLDERS' FUND (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2009**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2009	2008	2009	2008
	----- Rupees -----			
Net Assets at Beginning of the Period	386,739,260	433,846,373	392,085,528	417,185,977
Amount Received on Issue of Units 95,463 (December 31, 2008 : 39,235)	9,692,516	3,893,300	8,118,016	5,000
Amount Paid on Redemption of Units 469,821 (December 31, 2008 : 174,695)	(47,497,549)	(17,289,317)	(31,841,798)	-
	<u>348,934,227</u>	<u>420,450,356</u>	<u>368,361,746</u>	<u>417,190,977</u>
Total Comprehensive Income/(Loss) for the period	20,120,587	(44,368,244)	693,068	(41,108,865)
Net Assets at End of the Period	<u>369,054,814</u>	<u>376,082,112</u>	<u>369,054,814</u>	<u>376,082,112</u>
Represented By:				
Capital Account	361,582,647	418,952,900	361,582,647	418,952,900
Deficit on Re-Measurement of Securities	(10,746,361)	(37,070,250)	(10,746,361)	(37,070,250)
Undistributed Income/(Loss) Carried Forward	18,218,528	(5,800,538)	18,218,528	(5,800,538)
	<u>369,054,814</u>	<u>376,082,112</u>	<u>369,054,814</u>	<u>376,082,112</u>

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

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT
(UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2009**

	Half Year Ended December 31,		Quarter Ended December 31,	
	2009	2008	2009	2008
	----- Rupees -----			
A. CASH FLOWS FROM OPERATING ACTIVITIES				
Net Income/(Loss) for the Period	16,465,873	(5,366,478)	(2,020,058)	(3,014,462)
Adjustments for:				
(Appreciation)/Diminution on Remeasurement of Investments - Held for Trading	(1,143,149)	20,877,642	5,322,706	11,738,845
Element of Loss/(Income) and Capital Loss/(Gains) in Prices of Units Sold less Those in Units Redeemed	994,488	(272,079)	599,528	12
Amortization of Preliminary and Floatation Costs	250,000	250,000	125,000	123,973
Impairment Loss	6,037,500	1,527,500	6,037,500	1,527,500
	<u>22,604,712</u>	<u>17,016,585</u>	<u>10,064,676</u>	<u>10,375,868</u>
(Increase)/Decrease in Assets				
Investments	(9,479,012)	9,061,953	(1,253,761)	3,489,711
Dividend and Profit Receivable	1,042,160	(2,254,130)	(831,068)	(828,378)
Deposit and Other Receivable	(6,860,825)	92,101	(7,224,089)	558,241
Preliminary Expenses and Floatation Cost	-	-	-	-
	<u>(15,297,676)</u>	<u>6,899,924</u>	<u>(9,308,917)</u>	<u>3,219,574</u>
Increase/(Decrease) in liabilities				
Payable to Management Company	(468,993)	(592,484)	(504,525)	(522,765)
Payable to Central Depository Company - Trustee	4,135	(12,331)	(603)	(3,035)
Annual Fee Payable to Securities and Exchange Commission of Pakistan	(191,986)	(230,021)	(284,247)	94,258
Accrued Expenses and Other Liabilities	(30,339)	235,852	(207,749)	226,772
	<u>(687,183)</u>	<u>(598,984)</u>	<u>(997,124)</u>	<u>(204,770)</u>
Net Cash from/(Used in) Operating Activities	<u>6,619,853</u>	<u>23,317,525</u>	<u>(241,365)</u>	<u>13,390,672</u>
B. CASH FLOWS FROM FINANCING ACTIVITIES				
Net (Payments)/Receipts against Units (Redeemed)/Sold	(37,805,033)	(13,396,017)	(23,723,782)	5,000
Net Cash (Used in)/from Financing Activities	<u>(37,805,033)</u>	<u>(13,396,017)</u>	<u>(23,723,782)</u>	<u>5,000</u>
Net (Decrease)/Increase in Bank Balance During the Period (A + B)	(31,185,180)	9,921,508	(23,965,147)	13,395,672
Bank Balance at Beginning of Period	49,577,351	14,112,391	42,357,318	10,638,227
Bank Balance at End of the Period	<u>18,392,171</u>	<u>24,033,899</u>	<u>18,392,171</u>	<u>24,033,899</u>

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

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**NOTES TO THE INTERIM FINANCIAL INFORMATION (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2009**

1. LEGAL STATUS AND NATURE OF BUSINESS

- 1.1 Dawood Islamic Fund (DIF) was established under a Trust Deed executed on September 13, 2006 between Dawood Capital Management Limited (DCML) as Management Company and Central Depository Company of Pakistan (CDC) as Trustee. The Securities and Exchange Commission of Pakistan (SECP) approved the appointment of Trustee and granted license to the Management Company of the Fund to act as an Asset Management Company. Registered office of the Management Company is situated at 1500-A, Saima Trade Towers, I.I.Chundrigar Road, Karachi, Pakistan.
- 1.2 DIF is an open-ended mutual fund and is listed on Karachi Stock Exchange. Units are offered for public subscription on a continuous basis. The units are transferable and can be redeemed by surrendering them to the Fund.
- 1.3 Principal activity of DIF is to make investment in equity and debts securities which are Shariah Compliant and approved by the Shariah Advisors.
- 1.4 Title to assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.
- 1.5 Asset Manager Rating (AMR) of 'AM 4+' (2008 : 'AM 3') has been assigned to the Management Company and 4 star (2008 : 4 star) rating has been assigned to the Fund by Pakistan Credit Rating Agency (PACRA).

2. STATEMENT OF COMPLIANCE

- 2.1 These interim financial information have been prepared in accordance with requirements of the Non Banking Finance Companies and Notified Entities Regulations, 2008 (the Regulation), the Non Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), the Trust deed, the Companies Ordinance, 1984 (the Ordinance), directives issued by the SECP and approved accounting standards as applicable in Pakistan. Approved Accounting Standards comprise of such International Financial Reporting Standards (IFRS) as are notified under the provisions of the Ordinance. Wherever, the requirements of the Regulations, the Rules, the Ordinance or directives issued by SECP differ with the requirements of these standards, the requirements of the Regulations, the Rules, the Ordinance and the said directives take precedence.
- 2.2 This interim financial information comprise of condensed interim statement of assets and liabilities, condensed interim income statement, condensed interim statement of comprehensive income, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement together with the notes forming part thereof. The disclosures made in this interim financial information have, however, been limited based on the requirements of the International Accounting Standard 34, 'Interim Financial Reporting'. It does not include all the information and disclosures made in the annual published financial statement and should be read in conjunction with the financial statements of the Fund for the year ended June 30, 2009. Comparative information of the condensed interim income statement, condensed interim distribution statement, condensed interim statement of movement in unit holders' fund and condensed interim cash flow statement for the six months period ended December 31, 2008 and the three months period ended December 31, 2008 are un-audited and have been included to facilitate comparison.

- 2.3 These interim financial information are unaudited. However, limited scope review has been performed by the statutory auditors in accordance with the requirement of clause (xxi) of the Code of Corporate Governance and these interim financial statements are being circulated to the unit holders as required under the Regulations.

3. BASIS OF MEASUREMENT

3.1 Accounting Convention

These interim financial information have been prepared under the historical cost convention except certain financial instruments which have been included at fair value.

3.2 Functional Currency

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

4. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies adopted for the preparation of these interim financial information are the same as those applied in the preparation of the annual published financial statements of the Fund for the year ended June 30, 2009.

The following new standards and amendments to existing standards are mandatory for the first time for the financial year beginning July 1, 2009:

IAS 1 (revised), 'Presentation of financial statements'. The revised standard prohibits the presentation of items of income and expenses (that is, 'non-owner changes in equity') in the statement of changes in equity. It requires non-owner changes in equity to be presented separately from owner changes in equity. All non-owner changes in equity are required to be shown in a performance statement, but entities can choose whether to present one performance statement (the statement of comprehensive income) or two statements (the income statement and statement of comprehensive income). Where entities restate or reclassify comparative information, they are required to present a restated statement of financial position as at the beginning comparative period, in addition to the current requirement to present statements of financial position at the end of the current period and comparative period. The Fund has applied IAS 1 (revised) from July 1, 2009, and has elected to present two statements (the income statement and statement of comprehensive income).

			December 31, 2009 Rupees	June 30, 2009 Rupees
5. INVESTMENTS	Note			
<i>Held for Trading</i>				
Investment in Listed Equity Securities	15% 5.1		48,470,964	29,634,518
<i>Available-for-Sale</i>				
Investment in Debt Securities	5.2			
Quoted Debt Securities	1%		3,301,414	3,188,510
Un-Quoted Debt Securities	59%		194,364,406	206,068,870
			197,665,820	209,257,380
<i>Placements</i>				
Certificates of Musharika/ Musharika Investment	25% 5.3		85,000,000	85,000,000
	100%		331,136,784	323,891,898



6. CONTINGENCY

Through Finance Act, 2008 an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of "Industrial Establishment" has been made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. Management, based on a legal Advice, is of a firm view that as Collective Investments Schemes are paper entities and are not establishments, Workers Welfare Ordinance, 1971 is not applicable, thus provisioning in the accounts is not required. However, in a remotely improbable event, if the Collective Investments Schemes are considered as industrial establishments, per unit impact shall be Rs.0.091 as of December 31, 2009.

Mutual Fund Association of Pakistan (MUFAP), of which the Management Company is a member, has filed constituently petition in the High Court of Sindh (SHC) praying it to declare that the funds are not establishments and as a result are not liable to pay contribution to the WWF. The legal proceedings in respect of the aforementioned petition are currently in progress.

7. TAXATION

The Fund is exempt from income tax under clause 99 of part I to the Second Schedule of the Income Tax Ordinance 2001, subject to the condition that not less than 90 percent of its accounting income for the year, as reduced by the capital gains whether realized or unrealized, is distributed amongst its unit holders. The management intends to avail the tax benefit at the year end if there is profit.

The Fund is also exempt from the provisions of section 113 (minimum tax) under clause 11 of Part IV of the Second Schedule to the Income Tax Ordinance, 2001

8. TRANSACTIONS WITH CONNECTED PERSONS/RELATED PARTIES

The key connected persons/related parties relationships maintained by the Fund are those with the Management Company, directors, the Trustee, and its group companies/persons.

The transactions with related parties are in the normal course of business, at contracted rates and terms determined in accordance with market rate or commercial rates.

8.1 Amounts Outstanding as at the Period/Year End

Dawood Capital Management Limited - Management Company

Remuneration Payable	<u>474,211</u>	443,204
Preliminary Expenses Payable	<u>1,000,000</u>	1,500,000

Dawood Islamic Bank Limited

Balance with the Bank	<u>10,218,472</u>	38,395,695
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BRR Guardian Modaraba

Placements	<u>35,000,000</u>	35,000,000
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	December 31, 2009 Rupees	June 30, 2009 Rupees
--	-----------------------------------------	-------------------------------------



8.2 Amount of Transactions During the Period

	Half Year Ended December 31,		Quarter Ended December 31,	
	2009	2008	2009	2008
	----- Rupees -----			
Dawood Capital Management Limited				
Management Company				
Remuneration	<u>2,908,677</u>	<u>3,107,481</u>	<u>1,451,932</u>	<u>1,511,697</u>
Directors and Officers of the Fund				
Number of Units Issued	<u>470</u>	-	<u>470</u>	-
Value of Units Sold	<u>47,900</u>	-	<u>47,900</u>	-
Number of Units Redeemed	<u>470</u>	-	<u>470</u>	-
Value of Units Redeemed	<u>48,338</u>	-	<u>48,338</u>	-
First Dawood Investment Bank Limited				
Return on Musharika Placements	<u>-</u>	<u>506,301</u>	-	<u>151,152</u>
BRR Guardian Modaraba				
Return on Placements	<u>2,454,247</u>	<u>2,497,781</u>	<u>1,130,960</u>	<u>1,506,165</u>

9. DATE OF AUTHORIZATION FOR ISSUE

These interim financial information have been approved and authorized for issue on February 25, 2010 by the Board of Directors of the Management Company.

10. FIGURES

All figures have been rounded off to the nearest Rupee.

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

Director

Chief Executive Officer

Director

5.1 Investment in Listed Equity Securities at Fair Value Through Profit and Loss - Held for Trading
The holding are in the fully paid ordinary shares/certificates of Rs. 10/- each.

Name of Investee	Number of Shares/Certificates			Value of Shares/Certificates			Percentage in Relation to			
	Opening at July 01, 2009	Purchases	Sales	Closing at December 31, 2009	Cost	Market Value	Unrealised Appreciation / (Diminution)	Investee Paid-up Capital	Total Market Value of Investment	%
Refinery										
National Refinery Pakistan Limited.	25,500	42,912	13,200	55,212	13,151,592	9,762,586	(3,389,006)	0.01	20.14	
Oil & Gas Marketing Companies										
Shell Pakistan Limited.	29,625	88,024	38,249	80,000	21,877,074	20,028,800	(1,848,274)	0.01	41.32	
Oil & Gas Exploration Companies										
Oil & Gas Development Corporation Limited.	-	365,000	365,000	-	-	-	-	-	-	-
Pakistan Oilfields Limited.	16,900	130,200	147,100	-	-	-	-	-	-	-
Pakistan Petroleum Limited.	-	278,328	251,551	26,777	4,810,504	5,076,651	266,147	0.00	10.47	
Mari Gas Company Limited.	-	66,428	54,338	12,090	1,671,041	1,654,275	(16,766)	0.00	3.41	
					6,481,545	6,730,926	249,381		13.89	
Technology & Communication										
Pakistan Telecommunication Company Limited.	67,000	185,955	252,955	-	-	-	-	-	-	-
Fertilizers										
Engro Chemical Pakistan Limited.	43,500	596,175	639,675	-	-	-	-	-	-	-
Fauji Fertilizer Company Limited.	47,130	255,951	223,331	79,750	8,394,682	8,208,668	(186,014)	0.00	16.94	
					8,394,682	8,208,668	(186,014)		16.94	
Pharmaceuticals										
GlaxoSmithKline Pakistan Limited.	34,100	19,150	19,023	34,227	4,265,192	3,739,984	(525,208)	0.02	7.72	
Chemicals										
ICI Pakistan Limited	-	89,588	89,588	-	-	-	-	-	-	-
December 31, 2009					54,170,085	48,470,964	(5,699,122)			

5.2 Investment in Debt Securities
Face Value of Rs.5,000/- Each Unless Otherwise Mentioned.

Quoted Debt Securities	Number of Certificates			Rupees			Percentage of Net Assets	Return on Investment	Percentage of Total Investment
	Opening at July 01, 2009	Purchases (Sold)	Closing at December 31, 2009	Cost	Market Value	Unrealised (Loss) / Gain			
Term Finance Certificates									
Al-Zamin Leasing Modaraba- II	2,000	-	2,000	3,264,000	3,301,414	37,414	Min. Expected Profit 9.50%	1%	1.67
				3,264,000	3,301,414	37,414			
Unquoted Debt Securities									
Sukuks									
Engro Chemical Pakistan Limited	7,000	-	7,000	35,000,000	33,064,500	(1,935,500)	K6+1.5	9%	16.73
Shahmarad Sugar Mills Limited *	37	-	37	34,781,443	35,186,334	404,891	K6+2.25	10%	17.80
Pak Elektron Limited	8,000	-	8,000	31,565,821	30,179,285	(1,386,536)	K3+1.75	8%	15.27
Kohat Cement Limited	5,000	-	5,000	24,150,000	18,112,500	(6,037,500)	K6+1.8	5%	9.16
Maple Leaf Cement Factory Limited	9,815	-	9,815	48,188,417	41,713,750	(6,474,667)	K6+1.7	11%	21.10
House Building Finance Corporation Limited	5,000	-	5,000	22,500,000	21,537,472	(962,528)	K6+1	6%	10.90
New Allied Electronics	1,000	-	1,000	5,027,500	-	(5,027,500)	K3+2.2	0%	-
Sui Southern Gas Company Limited	3,000	-	3,000	15,000,000	14,570,565	(429,435)	K3+0.20	4%	7.37
				216,213,181	194,364,406	(21,848,775)			
Impairment Loss				219,477,181	197,665,820	(21,811,361)			
					11,065,000 **	(10,746,361)			

K = KIBOR

* Face Value of Rs.1,000,000/-

** Impairment of Rs.5,027,500/- is done on SUKUKS of New Allied Electronics for the year ended June 30, 2009 and Rs 6,037,500 on SUKUKS of Kohat Cement Limited for the period ended December 31, 2009

5.3 Certificates of Musharika/Musharika Investment

	Opening at July 01, 2009	Purchases (Matured)	Closing at December 31, 2009	Date of Maturity	Return on Investment	Percentage of Net Assets
Al-Zamin Leasing Modaraba	50,000,000	-	50,000,000	August 31, 2010	14.56%	13.55%
BRR Guardian Modaraba	35,000,000	-	35,000,000	March 31, 2010	13.00%	9.48%
	85,000,000	-	85,000,000			

