



DAWOOD
(Shariah Division)

Dawood Capital Management Ltd.
Manager of



DAWOOD ISLAMIC FUND

**FINANCIAL STATEMENTS
FOR THE NINE MONTHS ENDED**

**MARCH 31, 2015
(Un-Audited)**



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CORPORATE INFORMATION

Management Company	Dawood Capital Management Limited 5B Lakson Square Building #1 Sarwar Shaheed Road Karachi 74200 Pakistan Tel: (9221) 35621002-7 Fax: (9221) 35621010 E-mail: dcm@edawood.com Website: www.edawood.com	
Board of Directors	Ms. Shafqat Sultana Ms. Tara Uzra Dawood Ms. Charmaine Hidayatullah Mr. Mohammad Izqar khan Mr. Ansar Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairperson Chief Executive Officer Director Director Director Director Director
Chief Financial Officer & Company Secretary	Mr. Waris Jamil	
Audit Committee	Mr. Ansar Hussain Mr. Tahir Mehmood Syed Farhan Abbas	Chairman Member Member
Trustee	Central Depository Company of Pakistan Limited CDC House, 99-B, Block-B, S.M.C.H.S. Main Shahra-e-Faisal, Karachi-74400 Ph: (9221) 111-111-500 Fax: (9221) 34326020-23	
Auditors	Ernst & Young Ford Rhodes Sidat Hyder Chartered Accountants	
Tax advisor	Mazher Associates A-1/E-3, Faiza Avenue, Karachi Pakistan	
Legal Advisor	Bawaney & Partners 404, 4th Floor, Beaumont Plaza 6-cl-10 Beaumont Road, Karachi 75530 Telephone: (9221) 35657658-9, 35657674 Fax: (9221) 35657673 Email: bawaney@cyber.net.pk	
Registrars	F.D. Registrar Services (SMC-Pvt.) Ltd. Office# 1705, 17th Floor Saima Trade Tower A, I.I. Chundrigar Road, Karachi 74000 Pakistan	
Banker:	AlBaraka Bank Pakistan Limited Habib Metropolitan Bank Limited	



DIRECTORS' REPORT FOR THE NINE MONTHS ENDED MARCH 31, 2015

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-S"/"the Fund"), the reviewed financial statements for the Quarter ended March 31, 2015.

Economic Outlook

In line with market expectations, the SBP in its recent Monetary Policy Statement (MPS) on March 21, 2015 slashed the Discount Rate (DR) by another 50 bps bringing it down to 8%. The market faced a relatively tight liquidity scenario during the months evidenced by Rs. 4.3 trillion worth of OMO injections carried out by the SBP coupled with Rs. 143 billion worth of discounting availed by various counters. Furthermore, during the month, the SBP conducted two T-Bill auctions and accepted Rs. 326.1 billion against a total participation of Rs. 857.4 billion with major acceptance in the 6 months category (Rs. 157.4 billion at a weighted average cut off yield of 7.97%). A PIB auction was also conducted which saw a healthy participation with a relatively lower acceptance level; Rs. 45.6 billion was accepted against a participation of Rs. 96.2 billion (highest acceptance in 5 yrs category: Rs. 15.075 billion at a cut off yield of 8.75%).

During the month of March, 2015, KSE 100 index took a major correction and declined by 10.1% to close at the level of 30,233 pts. Volumes also remained relatively low as average daily volume declined by 31% to 167 Mn versus 240 Mn shares a month earlier. One of the primary factors was major foreign selling during the month (USD 71.9 Mn) resulting from liquidation of a global hedge fund. Other factors which contributed to market decline included regulatory actions to improve risk management and transparency of market participants and over leveraged positions. There were positive developments on the economic front; current account showed encouraging improvement while the continuously falling CPI numbers (Feb'15: 3.24% and Mar:2.49%) paved way for another discount rate cut of 50 bps bringing it down to 8% during the month.

Fund Strategy

The investment strategy devised for the Fund seeks to provide investors with balanced exposure to Shariah based securities including stocks, debt securities and government securities. 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 portfolio management team selects investments using various analytical disciplines such as top-down fundamental research and quantitative screens in the light of the country's macro indicators. In particular, the team seeks to include in its portfolios fundamentally strong sectors and companies, while dynamically rebalancing portfolios to benefit from predicted macro trends. Investments are diversified across a mix of sectors and investors are offered an optimized risk/return profile.

Fund Performance

As at March 31, 2015, net assets were Rs. 63.46 million as compared to Rs. 60.31 million as at June 30, 2014. The Fund's total income during the period stands Rs. 5.09 million as opposed to income of Rs. 4.87 million in the same period last year. Total expenses were Rs. 1.94 million as compared to Rs. 1.92 million in the same period last year. Element of Income was nil due to suspension on redemption and issuance of units. The net income for the nine months period ended March 31, 2015 was Rs. 3.91 million, as compared to Rs. 2.94 million in the same period last year. The Net Assets Value (NAV) of DIF-S per unit increased from Rs. 246.01 to Rs. 258.87.

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 Advisor for their dedication and hard work and the unit holders for their confidence in the Management.

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

**For and on behalf of the
Board of Directors**

**March 11, 2016
Karachi**

Chairperson



**CONDENSED INTERIM STATEMENT OF ASSETS AND LIABILITIES
AS AT MARCH 31, 2015**

		31 March 2015 Rupees (Un-Audited)	30 June 2014 Rupees (Audited)
Assets			
Bank Balances	4	71,351,175	66,414,182
Investments	5	-	-
Profit Receivable		<u>1,172,797</u>	<u>1,016,302</u>
Total Assets		<u>72,523,972</u>	<u>67,430,484</u>
Liabilities			
Payable to Management Company		3,044,634	2,114,176
Payable to Trustee		1,458,961	933,961
Annual Fee Payable to Securities and Exchange Commission of Pakistan		219,745	175,591
Accrued Expenses and other Liabilities	6	<u>4,332,329</u>	<u>3,891,709</u>
Total Liabilities		<u>9,055,668</u>	<u>7,115,437</u>
Net Assets		<u>63,468,304</u>	<u>60,315,047</u>
Unit Holders' Fund		<u>63,468,304</u>	<u>60,315,047</u>
Number of Units in Issue		<u>245,176</u>	<u>245,176</u>
Net Asset Value Per Unit- Rupees		<u>258.87</u>	<u>246.01</u>
Contingencies and Commitments	7		

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM INCOME STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

Note	Nine Month Ended 31 March		Quarter Ended 31 March	
	2015	2014	2015	2014
-----Rupees-----				
Income				
	Profit on Bank Balances and Sukuks			
8	5,093,488	4,872,604	1,682,682	983,553
	Total Income			
	5,093,488	4,872,604	1,682,682	983,553
Expenses				
	Remuneration of Management Company			
9	697,495	630,916	233,830	208,876
	Sales Tax on Management Fee			
	121,364	109,779	40,686	36,318
	Fed on Management Fee			
10	111,599	100,947	37,413	33,421
	Remuneration of Trustee			
	525,000	525,000	175,000	175,000
	Annual Fee of Securities and Exchange Commission of Pakistan			
	44,154	39,947	14,789	13,224
	Securities Transaction Cost			
	-	-	-	-
	Auditors' Remuneration			
	306,309	301,768	131,309	131,768
	Advertisement			
	-	43,200	-	-
	Printing Charges			
	50,000	87,155	-	62,155
	Worker's Welfare Fund			
6.1	64,311	60,078	20,953	6,256
	Fee and Subscription			
	20,000	30,000	-	10,000
	Total Expenses			
	1,940,232	1,928,790	653,980	677,018
	Net Income from Operating Activities			
	3,153,256	2,943,814	1,028,702	306,535
	Element of Income and Capital Gain in Prices of Units			
	Sold Less Those in Units Redeemed - Net			
	-	-	-	-
	3,153,256	2,943,814	1,028,702	306,535
	Taxation			
	-	-	-	-
	NET INCOME FOR THE PERIOD			
	3,153,256	2,943,814	1,028,702	306,535

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

	Nine Month Ended 31 March		Quarter Ended 31 March	
	2015	2014	2015	2014
	-----Rupees-----			
Net income for the period	3,153,256	2,943,814	1,028,702	306,535
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income for the period	<u>3,153,256</u>	<u>2,943,814</u>	<u>1,028,702</u>	<u>306,535</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM DISTRIBUTION STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

	Nine Month Ended 31 March		Quarter Ended 31 March	
	2015	2014	2015	2014
	-----Rupees-----			
Undistributed Income Brought Forward				
- Realized	35,797,425	29,107,089	37,921,979	31,744,368
- Unrealized	-	-	-	-
	<u>35,797,425</u>	<u>29,107,089</u>	<u>37,921,979</u>	<u>31,744,368</u>
Net Income for the Period	3,153,256	2,943,814	1,028,701	306,535
Final Distribution for the Year Ended Ended 30 June 2014 & 2013 - Note 13	-	-	-	-
Undistributed Income Carried Forward	<u>38,950,681</u>	<u>32,050,903</u>	<u>38,950,681</u>	<u>32,050,903</u>
Represented By:				
- Realized	38,950,681	32,050,903	38,950,681	32,050,903
- Unrealized	-	-	-	-
	<u>38,950,681</u>	<u>32,050,903</u>	<u>38,950,681</u>	<u>32,050,903</u>

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**CONDENSED INTERIM CASH FLOW STATEMENT (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

Note	Nine Month Ended 31 March		Quarter Ended 31 March	
	2015	2014	2015	2014
-----Rupees-----				
Cash Flows from Operating Activities				
Net Income for the Period	3,153,256	2,943,814	1,028,702	306,535
Decrease/(Increase) in Assets				
Investments	-	-	-	-
Profit Receivable	(156,495)	172,623	62,794	9,466
Security Deposit & Prepayments	-	-	-	-
	(156,495)	172,623	62,794	9,466
(Decrease)/Increase in Liabilities				
Payable to Management Company	930,458	841,642	311,929	278,615
Payable to Trustee	525,000	525,000	175,000	175,000
Annual Fee Payable to Securities & Exchange Commission of Pakistan	44,154	39,947	14,789	13,224
Accrued Expenses and Other Liabilities	440,620	479,001	152,262	210,179
	1,940,232	1,885,590	653,980	677,018
Cash Dividend Paid	-	-	-	-
Net Cash Inflow from Operating Activities	4,936,993	5,002,027	1,745,476	993,019
Cash Flows from Financing Activities				
Cash Received on Issue of Units	-	-	-	-
Cash Paid on Redemption of Units	-	-	-	-
Net Cash Outflow from Financing Activities	-	-	-	-
Net Increase in Cash and Cash Equivalents for the Period	4,936,993	5,002,027	1,745,476	993,019
Cash and Cash Equivalents at Beginning of the Period	66,414,182	56,905,678	69,605,699	60,914,686
Cash and Cash Equivalents at End of the Period	4 <u>71,351,175</u>	<u>61,907,705</u>	<u>71,351,175</u>	<u>61,907,705</u>

The annexed notes 1 to 14 form an integral part of these condensed interim 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 NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

	Nine Month Ended 31 March		Quarter Ended 31 March	
	2015	2014	2015	2014
	-----Rupees-----			
Net Assets at Beginning of the Period	60,315,047	53,624,711	62,439,602	56,261,990
Issue of Nil Units	-	-	-	-
Redemption of Nil Units	-	-	-	-
Element of Income and Capital Gain in Prices of Units Sold Less Those in Units Redeemed - Net	-	-	-	-
Net Income for the Period	3,153,256	2,943,814	1,028,702	306,535
Other Comprehensive Income	-	-	-	-
	3,153,256	2,943,814	1,028,702	306,535
Net Assets at End of the Period	63,468,304	56,568,525	63,468,304	56,568,525
Net Assets Value Per Unit at the Beginning of the Period	246.01	218.72	254.67	229.48
Net Assets Value Per Unit at the End of the Period	258.87	230.73	258.87	230.73

The annexed notes 1 to 14 form an integral part of these condensed interim financial statements.

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE NINE MONTHS AND QUARTER ENDED 31 MARCH 2015**

1. LEGAL STATUS AND NATURE OF BUSINESS

1.1 Dawood Islamic Fund (the Fund) is an open-ended mutual fund listed on the Karachi Stock Exchange. The Fund was established under a Trust Deed executed on 13 September 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 5B Lakson Square Building # 1, Sarwar Shaheed Road, Karachi, Pakistan.

The Fund 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.

The Fund is categorized as an open ended Shariah Compliant asset allocation scheme. The principal activities of the Fund are to make investment in equity and debts securities which are Shariah Compliant and approved by the Shariah Advisors. Titles to the assets of the Fund are held in the name of Central Depository Company of Pakistan Limited as a Trustee of the Fund.

Asset Manager Rating (AMR) of Management Company is 'AM3-' (2012: AM3) and that of Fund is A-(f) (2012: A-(f)) rated by Pakistan Credit Rating Agency (PACRA) before suspension of the Fund.

1.2 As per Regulation 54 clause 3(a) of the NBFC Regulations, 2008, the minimum size of the Open End Schemes shall be one hundred million rupees at all time during the life of the scheme. The net assets of the Fund stood at 62.44 million as at 31 March 2015. Further, B.R.R Guardian (a related party) held 85,105 units (35% of the units) of the Fund as at that date. In case of redemption of units by the Modaraba, the net assets of the Fund will fall significantly. The Management Company has confirmed that it will extend its financial support to the Fund to maintain minimum fund balance of Rs.100 million.

1.3 SUSPENSION OF THE FUND DURING THE PERIOD FROM 22 MARCH 2013 TO 22 JANUARY 2015

The operations of the Fund were suspended from 22 March 2013 to 22 January 2015 by SECP vide order number SCD-SD (Enf.)/KHI/DCML/2013/61 in pursuance to a show cause notice issued on 8 November 2012 for violation of Regulation 38(a) and Regulation 38(n) of the Non-Banking Finance Companies and Notified Entities Regulation 2008 (NBFC Regulations). Further Securities and Exchange Commission of Pakistan (SECP), cancelled the license of DCML to undertake the business of Asset Management Services and Investment Advisory Services and trustees were directed to extinguish/ revoke the Fund in the interest of unit/certificate holders.

DCML filed an appeal before the appellant bench of the SECP against the above suspension of the Fund and the cancelation of the license to undertake the business of Asset Management Services and Investment Advisory Services on the grounds that the above actions of the SECP were taken without lawful authority and jurisdiction. Subsequently, on 22 January 2015 the appeal was decided in favour of DCML by the appellant bench.

Based on the above, DCML is authorized and licensed to undertake Asset Management Services and Investment Advisory Services. DCML is taking necessary steps to recommence the operations of the Fund.

1.4 Due to suspension of operations of the Fund from 22 March 2013 to 22 January 2015, DCML was not able to comply with various requirements of the NBFC Rules, NBFC Regulations and other regulatory requirements. SECP vide its letter No. SCD/AMCW/DCML/151/2015 dated 05 November 2015 advised DCML to submit documents/information showing Board of Directors approved commitment along with timelines to comply with regulatory non-compliances. The Board is fully committed to comply with the regulatory requirements. The Fund intends to seek SECP's guidance on all outstanding compliance issues to determine a timeline for the resolution of the same.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standard - 34 "Interim Financial Reporting" as applicable in Pakistan for interim financial reporting, the Trust Deed,



the Non Banking Finance Companies (Establishment and Regulations) Rules, 2003 (the NBFC Rules), the Non-Banking Finance Companies and Notified Entities Regulations, 2008 (the NBFC Regulations) and directives issued by SECP. Wherever the requirements of the Trust Deed, the NBFC Rules, the NBFC Regulations or the directives issued by the SECP differ with the requirements of IFRS, the requirement of Trust Deed, the NBFC Rules, the NBFC Regulations or the requirement of said directives prevail.

These condensed interim financial statements do not include all the information and disclosures required in the annual financial statements and should be read in conjunction with the financial statements of the Fund for the year ended 30 June 2014.

These condensed interim financial statements are unaudited are being circulated to the unitholders as per the requirement as per the NBFC regulation. Accordingly, the directors of the management company declare that these condensed interim financial statements give a true and fair view of the fund.

2.2 Basis of Measurement

These condensed interim financial statements have been prepared under the historical cost convention except for investments.

2.3 Functional and Presentation Currency

These condensed interim financial statements have been presented in Pakistan Rupees which is the functional and presentation currency of the Fund and have been rounded off to the nearest rupee.

3. Accounting Policies

The accounting policies adopted in the preparation of these condensed interim financial statements are consistent with those of previous financial year, except as follows:

New/Revised Standards, Interpretations and Amendments

The Company has adopted the following amendments and interpretation of IFRSs which became effective for the current period:

IAS 19 – Employee Benefits – (Amendment) - Defined Benefit Plans: Employee Contributions
 IAS 32 – Financial Instruments : Presentation – (Amendment) -Offsetting Financial Assets and Financial Liabilities
 IAS 36 – Impairment of Assets – (Amendment) -Recoverable Amount Disclosures for Non-Financial Assets
 "IAS 39 – Financial Instruments: Recognition and Measurement – (Amendment) (note 3 below)
 - Novation of Derivatives and Continuation of Hedge Accounting"
 IFRIC 21 – Levies

The adoption of the above amendments to accounting standards and interpretations did not have any effect on the condensed interim financial statements.

The adoption of the above amendments did not have any effect on financial statements

	Note	31 March	30 June
		2015	2014
		-----Rupees-----	
4. BANK BALANCES		(Un-Audited)	(Audited)
PLS Savings Accounts	4.1	68,825,685	63,888,692
Current Account		2,525,490	2,525,490
		<u>71,351,175</u>	<u>66,414,182</u>

4.1 This represents savings accounts maintained with various Islamic banks or Islamic division of conventional banks carrying profit rates ranging from 6.5% to 9% (2014: 5% to 8.5%) per annum.



5. INVESTMENTS	Note	31 March	30 June
		2015	2014
		-----Rupees-----	
		(Un-Audited)	(Audited)
Available for Sale Security			
Unlisted Debt Securities-Sukuks	5.1	-	-

5.1 Unlisted Debt Securities - Sukuks

Name of security	Note	As at 1 July 2014	Purchased During the Period	Sold During the Period	Matured During the Period	At 31 March 2015	Cost as at 31 March 2015	Market Value 31 March 2015	Unrealized Gain/(Loss) Impairment	Rate Return Per Annum %	Percentage	Percentage
											of Total Investment on the Basis of Carrying Value	of Net Assets on the Basis of Carrying Value
Pak Elektron Ltd. (28-09-07)	5.1.1	8,000	-	-	-	8,000	17,280,105	-	(17,280,105)	1.75% + 3 MK	-	-
New Allied Electronics Industries Ltd. (03-12-07)	5.1.2	1,000	-	-	-	1,000	5,027,500	-	(5,027,500)	2.2% + 3 MK	-	-
							<u>22,307,605</u>		<u>(22,307,605)</u>			

5.1.1 Pak Electron Limited (PEL) defaulted on the installment due on 28 December 2011 as per the restructured agreement. Consequently, the security was classified as non-performing by MUFAP on 13 January 2012 and accrual on the same was suspended. Accordingly, a provision of Rs. 17.281 million (100%) has been created and the accrual of income has been suspended in line with SECP Circular No. 1 of 2009.

5.1.2 New Allied Electronics Industries Limited defaulted on its payment of principal and mark-up due on 27 October 2008. Consequently, the security was classified as non-performing by MUFAP on 9 January 2009 and accrual on the same was suspended. Accordingly, a provision of Rs. 5.028 million (100%) has been created and the accrual of income has been suspended in line with SECP Circular No. 1 of 2009.

5.2 Details of Non Compliant Investments Under SECP Circular No. 16 dated 07 July 2010 are as Follows:

Circular no. 16 dated 07 July 2010 issued by the SECP requires details of investments not compliant with the investment criteria specified by the category assigned to open-end collective investment schemes or the investment requirements of the constitutive documents of the Fund to be disclosed in these condensed interim financial statements of the Fund. Details of such non-compliant investments are given below:

Name of Non-Compliant Investment	Type of investment	Value of investment before provision	Provision held	Value of investment after provision	Percentage of net assets	Percentage of gross assets	Remarks
		----- Rupees -----					
Pak Elektron Limited (28-09-07)	Sukuk	17,280,105	17,280,105	-	-	-	Non-compliant Investment Due to Credit rating Less than Required as per SECP Circular No.7 of 2009.
New Allied Electronic Industries Limited (03-12-07)	Sukuk	5,027,500	5,027,500	-	-	-	

At the time of purchase/investment, the TFCs and Sukuks were in compliance with the investment requirement of the Constitutive Documents and investment restriction parameters laid down in NBFC Regulations or NBFC Rules. However, subsequently they were defaulted or downgraded to non investment grade or became non-compliant with investment restrictions parameters laid down in NBFC Regulations or NBFC Rules and with the requirements of Constitutive Documents.

6. ACCRUED EXPENSE AND OTHER LIABILITIES	Note	31 March	30 June
		2015	2014
		-----Rupees-----	
		(Un-Audited)	(Audited)
Other liabilities		792,111	722,111
Audit fee payable		1,201,309	895,000
Workers' Welfare Fund	6.1	<u>2,338,909</u>	<u>2,274,598</u>
		<u>4,332,329</u>	<u>3,891,709</u>



6.1 Through the Finance Act, 2008, an amendment was made in section 2(f) of the Workers' Welfare Fund Ordinance, 1971 (the WWF Ordinance) whereby the definition of 'Industrial Establishment' was made applicable to any establishment to which West Pakistan Shops and Establishment Ordinance, 1969 applies. As a result of this amendment, it is alleged that all Collective Investment Schemes (CISs)/mutual funds whose income exceeds Rs.0.5 million in a tax year have been brought within the scope of the WWF Ordinance thus rendering them liable to pay contribution to WWF at the rate of two percent of their accounting or taxable income, whichever is higher. In this regard, a constitutional petition was filed by certain CISs through their trustees in the Honourable High Court of Sindh (SHC), challenging the applicability of WWF to the CISs, which is pending adjudication.

In August 2011, the Lahore High Court (LHC) issued a judgment in response to a petition in similar case whereby the amendments introduced in WWF Ordinance through Finance Acts, 2006 and 2008 have been declared unconstitutional and therefore struck down. However, during March 2013, the SHC larger bench issued a judgment in response to various petitions in similar cases whereby the amendments introduced in the Workers' Welfare Fund Ordinance, 1971 through Finance Act, 2006 and 2008 respectively (Money Bills) have been declared constitutional and overruled a single-member Lahore High Court (LHC) bench judgment issued in August 2011.

Further, in May 2014, the Honourable Peshawar High Court held that the impugned levy of contribution introduced in the Ordinance through Finance Act, 1996 and 2009 lacks the essential mandate to be introduced and passed through Money Bill under the constitution and, hence, the amendments made through the Finance Act are declared as 'Ultra Vires'.

In view of above stated facts and considering the uncertainty on the applicability of WWF to mutual funds due to show cause notices issued to a number of mutual funds, DCML as a matter of abundant caution has decided to continue to maintain the provision for WWF amounting to Rs. 2.317 million up to 31 March 2015. If the same were not made, the NAV per unit would be higher by Rs. 9.45 per unit.

The Finance Act 2015 has excluded Mutual Funds and Collective Investment Schemes from the definition of 'industrial establishment' subject to WWF under WWF Ordinance, 1971. Accordingly, no provisions for WWF will be made from 1 July 2015 onwards. However, provisions made till 31 March 2015 has not been reversed as the above lawsuit is pending in the SHC.

7. CONTINGENCIES AND COMMITMENTS

There were no contingency and commitment as at 31 March, 2015.

8. PROFIT ON SUKUKS AND BANK BALANCES

	31 March 2015	30 June 2014
	-----Rupees-----	
	(Unaudited)	(Audited)
Income from Bank Balances	3,554,355	3,054,029
Income from Sukuks	<u>1,539,133</u>	<u>1,818,575</u>
	<u>5,093,488</u>	<u>4,872,604</u>

9. REMUNERATION OF MANAGEMENT COMPANY

As disclosed in note 1.3 to the financial statements, the operations of the Fund were suspended for the period from 22 March 2013 to 22 January 2015. The DCML on 5 October 2015, wrote to SECP requesting clarification regarding accrual of its remuneration in the financial statement of its collective investments schemes. SECP vide its letter no. SCD/AMCW/DCML/130/2015 dated 16 October 2015 conveyed DCML that DCML cannot charge management fee during this period as there was no management of funds with DCML during this period. In response to SECP's above letter, DCML contended that DCML has rendered services and incurred significant expenses during the above referred period. Subsequently, SECP vide its letter no. SCL/AMCW/DCML/151/2015 dated 5 November 2015 advised DCML to submit certain documents and information in order for SECP to reconsider its decision regarding charging of management fee by DCML. The management fee charged by DCML from 01 July 2014 to 31 March 2015, falling within the suspension period, amounts to Rs. 697,495.

10. FEDERAL EXCISE DUTY ON MANAGEMENT FEE

As per the requirements of the Finance Act 2013, Federal Excise Duty (FED) at the rate of 16% on the services of the Management Company has been applied effective 13 June 2013. DCML is of the view that since the remuneration is already subject to provincial sales tax, further levy of FED results in double taxation, does not appear to be the spirit of the law. The matter has been collectively taken up by the Asset Management Companies and Central Depository Company of Pakistan Limited on behalf of schemes through a constitutional petition filed in the Honourable Sindh High Court (SHC) in September 2013 which is pending adjudication.



However, the SHC has issued a stay order against the recovery of FED. The Fund, as a matter of abundant caution, has charged FED and sales tax on service thereon in these condensed interim financial statements.

11. TRANSACTIONS WITH CONNECTED PERSONS

Connected persons of the fund include the management company, other collective investment schemes being managed by the management company, the trustee, directors and key management personnel's, other associated undertakings and unit holders holding more than 10 % units.

Remuneration payable to the management company and trustee is determined in accordance with the provisions of the NBFC Regulation, 2008 and the trust deed respectively. Details of transactions with related parties and balances with them at the period end are as follows:

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

11.1 Details of transactions and balances at year end with related parties/connected persons, other than those which have been disclosed elsewhere in these financial statements, are as follows:

	For the Nine Month Ended 31 March 2015 (Un-Audited)		For the Year Ended 30 June 2014 (Un-Audited)	
	(Units)	(Rupees)	(Units)	(Rupees)
Units Held By:				
Unit Holders Holding More Than 10%				
B.R.R Guardian Modaraba	85,104	22,030,836	85,104	20,936,291
First Dawood Investment Bank				
Employees Provident Fund	31,682	8,201,427	31,682	7,793,960
Florence Villiers	27,676	7,164,448	27,676	6,808,501
			31 March 2015	30 June 2014
			Rupees	Rupees
			(Un-Audited)	(Audited)
			Rupees	(Rupees)
Dawood Capital Management Limited				
Balance as at 01 July			2,114,176	985,654
Remuneration for the Period Including Sales Tax & FED			930,458	1,128,522
Balances as at Period Ended			<u>3,044,634</u>	<u>2,114,176</u>
Central Depository Company of Pakistan Limited – Trustee				
Balance as at 01 July			933,961	233,961
Remuneration for the Period			525,000	700,000
Balances as at Period Ended			<u>1,458,961</u>	<u>933,961</u>
Dawood Global Foundation – Charity				
Investment at Year End			860,056	817,326
Units Held (Number of Units)			3,322	3,322
Dawood Family Takaful Limited - Employees' Provident Fund				
Investment at Year End			716,002	680,430
Units Held (Number of Units)			2,766	2,766
Directors, Officers and Connect Persons of the Management Company				
Investment at Year End			14,003,211	13,307,499
Units Held (Number of Units)			54,094	54,094



12. DATE OF AUTHORIZATION FOR ISSUE

These condensed interim financial statements were approved and authorized for issue on March 11, 2016 by the Board of Directors of the Management Company.

13. NON ADJUSTING EVENT AFTER THE BALANCE SHEET DATE

The Board of Directors in its meeting held on 11 March, 2016 approved cash/bonus distribution of 24.5591 per unit (2013: 104.3780 per unit) for the Fund under its management for the year ended 30 June 2014. The condensed interim financial statements for the period ended 31 March 2015 do not include the effect of the distributions for the year ended 30 June 2013 and 30 June 2014 which will be accounted for in the financial statements for the year ending 30 June 2016.

14. GENERAL

14.1 Figures of condensed interim income statement and condensed interim statement of comprehensive income for the quarter ended 31 March 2015 have not been subject to limited scope review by the auditors.

14.2 Certain prior period's/year's figures have been reclassified wherever necessary for the purpose of comparison. However, there was no material reclassification to report.

14.3 Figures have been rounded off to the nearest rupee.

For Dawood Capital Management Limited
(Management Company)

Director

Chief Executive Officer

Director



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DAWOOD ISLAMIC FUND
5B Lakson Square Building #1,
Sarwar Shaheed Road, Karachi 74200.



Managed by **Dawood Capital Management Ltd.**
Trustee: Central Depository Company of Pakistan Limited
5B Lakson Square Building #1, Sarwar Shaheed Road, Karachi 74200
Tel: (92-21) 3562-1002-7 Fax: (92-21) 3562-1010
Email: dcm@edawood.com
Website: www.edawood.com

APP Tel: 0300-3626628, 2896783