



ANNUAL REPORT 2006

DAWOOD CAPITAL MANAGEMENT LTD.



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CORPORATE INFORMATION

Board of Directors	Mr. Feroze Sayeed-Ud-Deane Miss Tara Uzra Dawood Mr. Hasib Ahmed Mr. Safdar Rashid Mr. Gul Nawaz Mr. Anwar A. Sheikh Mr. Shah Faisal	Chairman Chief Executive Officer Director Director Director Director Director	(Nominee of GM) (Nominee of ADB) (Nominee of BRR1) (Nominee of NIT)
Group Financial Director	Mr. Muhammad Shoaib		
Chief Financial Officer	Mr. Muhammad Shahid Usman		
Company Secretary	Mr. Tahir Mehmood		
Audit Committee	Mr. Shah Faisal Miss Tara Uzra Dawood Mr. Anwer A. Shaikh	Chairman Member Member	
Auditors	M. Yousuf Adil Saleem & Co. Chartered Accountants		
Legal Adviser	Rauf & Ghaffar Law Associates Advocates 404, 4th Floor, Beaumont Plaza 6-cl-10 Beaumont Road, Karachi		
Banker	Bank AL Habib Limited Habib Bank Limited KASB Bank Limited Metropolitan Bank Limited Oman International Bank S.A.O.G. Soneri Bank Limited		
Registered Office	1500-A Saima Trade Towers, I. I. Chundrigar Road, Karachi 74000 UAN: 111-DAWOOD (111-329-663) PABX: (92-21) 227-1874/887 Fax: (92-21) 227-1912 E-mail: dcm@firstdawood.com Website: www.firstdawood.com/dcm		
Registrars	F.D. Registrar Services (SMC-Pvt.) 1500-A Saima Trade Towers, I. I. Chundrigar Road, Karachi 74000		
Rating	PACRA: AM3		



Mission/Vision Statement

*To Be The Prominent Funds Manager That
Adds Value For Stakeholders Through
Innovative And Responsible Management*



NOTICE OF ANNUAL GENERAL MEETING (AGM XV)

Notice is hereby given that the AGM XV of the shareholders of the company will be held at the registered office at 1500-A, Saima Trade Towers, I.I. Chundrigar Road, Karachi on October 27, 2006 at 8:30a.m. to transact the following business:

Ordinary Business

1. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2006 together with Directors' and Auditors' Reports thereon.
2. To appoint auditors and fix their remuneration, hence, the retiring Auditors M. Yousuf Adil Saleem & Co., Chartered Accountants, are eligible for reappointment but did not offer themselves for reappointment. The Board of Directors on recommendation of the Audit Committee has proposed the name of M/s. Ford Rhodes Sidat Hyder & Co., for auditors of the Company for the year ending June 30, 2007.

Special Business

3. To consider and if thought fit, approve the following resolution as an ordinary resolution in respect of issue of bonus shares in the ratio of 10%, as recommended by the directors in their meeting held on September 27, 2006.

Proposed Resolution

"RESOLVED that a sum of Rs.11,000,000 out of the company's unappropriated profit for the issue of bonus shares be capitalized and applied for the issue of =1,100,000= ordinary shares of Rs.10/- each and allotted as fully paid bonus shares to those members of the Company whose names appear in the register of members of the Company on October 20, 2006 in the ratio of =10= shares for every =100= shares held and that such bonus shares shall rank pari passu in all respect with the existing ordinary shares of the Company."

"FURTHER RESOLVED that the Chief Executive and Company Secretary be and are hereby severally authorized to consolidate all fractions of bonus shares and sell in the stock market and pay the proceeds to charity."

4. To consider, approve and make investment in associated companies, u/s. 208 and 160 (1) (b) of the Companies Ordinance 1984 and pass the following proposed Special resolution, with or without modification:

Proposed Special Resolution

"Resolved that the Company be and is hereby authorized, for the purpose of section 208 and 160 (1) (b) of the Companies Ordinance 1984 to make equity investment through Pre IPO in the certificates of Dawood Islamic Fund (Proposed) to the extent of Rs. 50 Million and to make equity investment through Pre IPO in Dawood Equities Limited to the tune of Rs. 45 Million, subject to the compliance of the rules and regulations as applicable and approvals, if any, of the relevant regulatory authority(ies);

Resolved further that this authority shall remain in force until revoked by the shareholders in the duly convened general meeting and the outstanding amount of investments at any time should not exceed the latest approval limits; and

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



5. To consider, approve and if thought fit pass with or without modification following resolution as special resolution for amendment in Articles of Association of the Company:

Proposed Special Resolution

"RESOLVED that after Article 70 the following new sub-article 70 (a) be and is hereby added and to be read as under:

70(a) The Director who is about to leave or absent from Pakistan may with the approval of the Directors appoint any person to be an Alternate Director during his absence from the country provided such absence shall not be less than for a period of three months and such appointment shall have effect and such appointee whilst he holds office as an Alternate Director, shall be entitled to notice of the meeting of the Directors and to attend and vote thereat accordingly but shall ipso facto vacate office when his appointer returns to the country or vacate office as Director if the company in General Meeting removes the appointee from office and any appointment and removal under the clause shall be affected by notice in writing under the hand of director making the same."

FURTHER RESOLVED that the Chief Executive/Company Secretary be and is hereby authorised to do all the acts to effect the Special Resolution, for the purpose of the amendments to be made in the Article of Association and authorised them to comply with all the necessary requirements of the law in this behalf.

6. Any other Business with the permission of the Chair

A statement under section 160 of the Companies Ordinance, 1984 setting forth all material facts concerning to above special business is annexed to the notice of meeting being sent to the shareholders.

September 29, 2006
Karachi

By Order of the Board
Tahir Mehmood
Company Secretary

Notes:

1. The share transfer books of the Company shall remain closed from October 21, 2006 to October 27, 2006 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1700-A, Saima Trade Towers, I.I.Chundrigar Road, Karachi, if any change of address immediately.
2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. No person other than a member shall act as proxy. Proxy forms, in order to be effective, must be received at the Registered Office, duly stamped and signed not less than 48 hours before the meeting.
3. The CDC account/sub-account holders are requested to bring with them their Computerized National ID Cards (CNIC) along with Participant(s) ID number and their account numbers at the time of attending this meeting in order to facilitate identification of the respective shareholder(s). In respect of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting.

Agenda item No. 3

The Directors are of the view that the Company's financial position and its reserves justify the capitalization of free reserves amounting to Rs.11,000,000/- for the issue of bonus shares in the ratio of =10= bonus shares for every 100 ordinary shares held. The Directors directly or indirectly, are not personally interested in this issue except to the extent of their shareholding in the Company.

Pursuant to rule 6 (iii) of the Companies (issue of capital) Rules 1996, the auditors have certified that the free reserves and surpluses retained after the issue of the bonus shares will not be less than 25% of the increased capital.



Agenda item No.4

Approval of Shareholders being sought for investment in the associated companies of the Company.

The terms and conditions for equity investments in subsidiaries and associates are as follows:

1. Name of the Investee Company	Dawood Equities Limited	Dawood Islamic Fund
2. Nature, amount and extent of the investment	Pre-IPO investment in the ordinary shares up to Rs. 45 Million	Equity investment through offering documents up to Rs. 50 Million
3. Average Market price/Net Asset Value (NAV) of the shares/ certificates/ units intended to be purchased during preceding six months.	Pre IPO Investment.	Pre IPO investment.
4. Break-up value of shares/certificates/ units intended to be purchased on the basis of last published financial statements.	Not applicable being first year of incorporation.	N/A, as under the process of launching offering documents.
5. Price at which shares/ certificates/units will be purchased	Through Pre IPO or face value.	Through offering documents.
6. Source of funds	Out of surplus funds available	Out of surplus funds available
7. Basic Earning per share/certificate/ unit of the investee company in last three years	Not applicable - It is first year of incorporation of investee company .	N/A
8. Period for which investment will be made	N/A or long term investment	N/A or long term investment
9. Purpose of investment	1. Strategic investment 2. To earn a good return.	1. Strategic investment 2. To earn a good return.
10. Benefits likely to accrue to the company and its shareholders from the proposed investment or advances.	1. DCM and its shareholders will be benefited because their investment will fetch a good return in the form of dividend. 2. The surplus funds will not remain idle and still be invested in the most efficient manner.	1. DCM and its shareholders will be benefited because their investment will fetch a good return in the form of dividend. 2. The surplus funds will not remain idle and still be invested in the most efficient manner.
11. Interest of directors and their relatives in the investee company.	None of the directors or their relatives has any interest in this special business in their personal capacities other than to the extent of his interest in the company.	None of the directors or their relatives has any interest in this special business in their personal capacities other than to the extent of his interest in the company.

Agenda item No.5

The proposed amendments/insertion of the sub-article 70 (a) in the Article of Association of the Company is being amended to insert/add a standard sub-article required to empower the directors to appoint their alternate director under the provision of the Companies Ordinance, 1984.



FINANCIAL HIGHLIGHTS

	2006	2005	2004	2003	2002	2001	2000	1999
	Rupees in Million							
Authorized Capital	200.00	200.00	200.00	200.00	200.00	200.00	200.00	200.00
Paid-up Capital	110.00	100.00	100.00	100.00	100.00	100.00	100.00	100.00
Shareholders' Equity	176.30	157.80	142.40	135.69	130.78	123.20	118.48	115.91
Total Assets	236.35	259.40	187.06	174.75	135.50	127.38	122.64	126.67
Short-Term Investment in Securities	199.42	223.46	164.86	154.79	103.18	84.07	44.24	27.98
Short-Term Investment in Deposits	-	15.00	-	-	-	33.04	50.50	20.00
Income From Investments	15.28	21.43	16.58	16.75	18.56	11.83	13.84	11.69
Management Fee	29.90	14.93	6.06	0.63	-	-	-	-
Other Income	0.40	6.85	1.53	0.70	1.01	1.83	4.49	4.40
Profit Before Taxation	23.06	21.11	6.85	7.90	9.60	6.25	13.68	9.88
Taxation	4.56	4.52	1.95	1.64	2.55	1.17	1.10	2.81
Profit After Taxation	18.50	16.59	4.90	6.25	7.05	4.54	12.57	7.07
Book Value Per Share	16.03	15.78	14.24	13.57	13.08	12.30	11.87	11.59
Earnings Per Share	1.68	1.51	0.49	0.63	0.71	0.45	1.26	0.70



DIRECTORS' REPORT

DIRECTORS' REPORT

On behalf of the Board of Directors of Dawood Capital Management Limited ("DCM" or the "Company"), it gives me immense pleasure to present the Fourteenth Annual Report along with audited financial statements for the year ended June 30, 2006.

1. Operations and Performance

	June 30,2006	June 30, 2005
Rupees.....	
Income Investments	15,279,033	21,429,087
Management Fees	29,902,219	14,931,019
Gain On Sale Of Fixed Assets	-	5,928,327
Other Income	398,277	927,582
Gross Revenue	45,579,529	43,216,015
Administration and Operating Expenses	15,022,544	12,712,994
Financial Charges	7,494,995	9,393,560
Total Expenses	22,517,539	22,106,555
Profit Before Taxation	23,061,990	21,109,460
Profit After Taxation	18,501,990	16,591,638

The Financial Year under review proved profitable with the net profit after tax reaching a record high of Rs. 18.50 million. The total gross revenue also increased by 5.5% to Rs. 45.57 Million as compared to Rs. 43.22 Million last year. This gross revenue was derived mainly from the Management Fee of Rs. 29.90 Million (Rs. 14.9 Million last year) for managing the affairs of Dawood Money Market Fund (DMMF) and First Dawood Mutual Fund (FDMF). However, profit earned on investments reduced from Rs. 21.4 Million to Rs. 15.3 Million as management reduced placement income in order to take advantage of the bearish market conditions.

Other positive increases include net assets (by 11.72% to Rs. 176.30), break-up value of shares (from Rs. 15.78 to Rs. 16.03 per share) and earnings per share (from Rs. 1.51 to Rs. 1.68).

Increase in business raised expenses as well with Administration and Operating Expenses totalling Rs. 15.0 Million. Financial Charges, however, reduced from Rs. 9.39 Million to Rs. 7.49 Million, although the interest rates have shown an upward increase during the period under discussion.

Under our management, DMMF, an open-end money market fund, performed very well and declared a return of 11.50%, underscoring its position as a smart investment choice for investors.

The first complete year of operations of our closed-end FDMF showed Rs. 2.24 earnings per certificate.

Dividend

Keeping in view the strong performance of the Company, the Directors have proposed the issuance of Bonus Shares in proportion of 10 share for every 100 shares held i.e 10 % for the year ended June 30, 2006, subject to the approval of the shareholders at the Annual General Meeting.

Investment

The total portfolio of investments stands at Rs. 199.42 Million, carrying an unrealized revaluation gain of Rs. 10.39 Million.



Compliance with the Best Practices of the Code of Corporate Governance

This statement is being presented to comply with the "Code of Corporate Governance" (the "Code") contained in the listing regulations of the Karachi Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed Company is managed in compliance with the best practices of the Code. The Directors hereby confirm the following as required by Clause (xix) of the Code:

- The financial statements prepared by the management present fairly the Company's state of affairs, the result of operations, cash flows and changes in equity.
- Your Company has maintained proper books of accounts.
- Appropriate accounting policies have been consistently applied in the preparation of financial statements.
- Relevant International Accounting Standards, as applicable in Pakistan, provision of the Non-Banking Finance Companies (establishment & Regulation) Rules 2003 and directives of the Securities and Exchange Commission of Pakistan, have been followed in the preparation of the financial statements.
- The system of internal controls is sound in design and has been effectively implemented and monitored.
- There are no significant doubts over the ability to continue as a going concern.
- There has been no trading during the year in the shares of the Company carried out by the Directors, Chief Executive Officer, Company Secretary and their spouses and their minor children.
- There has been no material departure from the best practices of corporate governance, as detailed in the listing regulations.
- There are no statutory payments on account of taxes, duties, levies and charges outstanding.
- There has been no departure from the best practices of transfer pricing.

Future Outlook and Prospects

DCM is happy to announce the upcoming launch of its first shariah-compliant fund Dawood Islamic Fund (DIF). This will further enable us to cater to the need our clients. This in turn increase the Management Fee and thereby Profits of DCM.

The increase in CVT & Withholding Tax for the time being has not shown any adverse effect on the market. Despite the current volatile behaviour of the stock exchange, our focus with on selective scripts from the growing sectors. The CFS Mk II is expected to replace CFS. It will address the biases inherent in the existing finance models, namely CFS and the un-official Badla Finance System which promotes undue systemic risks and precludes the formation of a level playing field for all market participants. We hope that an elimination of these risks & inequalities will facilitate a transparent and efficient financing product for the market.

The goal of your company is to focus on three strategies: building deeper, more profitable customer relationships; optimizing the use of shareholder and human capital & building on our core strengths.

Changes in Directors

Since the last report, there have been changes in the composition of the Board of the management company. Mr. Rafique Dawood has resigned and Board has approved his resignation through resolution. Simultaneously, the Board has approved appointment of Mr. Feroze Sayeed-ud-Deane as Chairman of the Board in his place. Also, Mr. Muhammad Abdul Samad, Nominee Director of NIT, has resigned and Mr. Gul Nawaz has been nominated in his place.

The Board would like to place on record its appreciation of the sincere efforts made by the previous directors, in particular the outgoing Chairman, and wish to welcome on board the new appointees.

Currently, the Company has Seven Directors on its Board.



Board Meetings

During the year 2005-06, six (6) meetings of the Board of Directors of the management company were held, The requisite details are as under:

S.No.	Name	Designation	Entitlement to Attend Meeting	Leave of absence
1.	Mr. Feroze Sayeed-ud-Deane	Chairman	2	-
2.	Mr. Rafique Dawood	EX-Chairman	4	-
3.	Miss Tara Uzra Dawood	Chief Executive	6	2
4.	Mr. Safdar Rashid	Director	6	-
5.	Mr. Anwar A. Sheikh	Director	6	3
6.	Mr. Hasib Ahmed	Director	6	3
7.	Mr. Gul Nawaz	Director	2	-
8.	Mr. Shah Faisal	Director	6	1
9.	Mr. Muhammad Abdul Samad	Director	4	1

Transaction with Connected Persons/Related Parties

All transactions between DCM and its connected persons/related parties are carried out on an arm's length basis and the relevant terms of the transactions are determined in accordance with the "comparable uncontrolled price method" (CUP).

DCM has fully complied with the best practices on transfer pricing as contained in the listing regulation No. 38 of the Karachi Stock Exchange.

Human Resource Training and Development

Training and Human Resource Development continues to be a priority in 2006-07. with the quality and happiness of employees being of prime importance

Information Technology

The IT department is committed to providing and maintaining cutting-edge technology.

Staff Retirement Benefits

DCM operates a provident fund scheme for all permanent employees. The value of investment to date is Rs. 695,630/- in the provident fund scheme.

Auditors

The present auditors M. Yousuf Adil Saleem & Co, Chartered Accountants, has retired and not offered themselves for re-appointment. As required under the Code of Corporate Governance, the Audit Committee has recommended the appointment of Ford Rhodes Sidat Hyder & Co, Chartered Accountants, as auditors for the year ending June 30, 2007.

Risk Management

Risk taking is an integral part of any business and is rooted in the philosophy of risk versus reward, that is, the higher the risk the greater the reward. Our fundamental objective is to maximize certificate holder's value, but this must be carried out in a clearly articulated risk tolerance framework.

DCM and its Funds are exposed to a variety of risks including credit, liquidity, interest rate, market risk and operational risk.

Our risk management policies and procedures ensure that risks are effectively identified, evaluated, monitored and managed. Risk management is a dynamic function and management must continuously monitor its internal risk procedures and practices in order to reduce earnings variability.



The Board has formed the following committees to manage the various types of risks the Bank is exposed to:

- Board's Audit Committee
- Investment Committee
- Asset Liability Committee

Statement of Ethics and Business Practices

The Board of Directors of DCM has adopted a statement of ethics and business practices. All employees are informed of this statement and are requested to observe these rules of conduct in relation to business and regulations.

Audit Committee

The Board of Directors of the Management Company in compliance with the Code of Corporate Governance has constituted an Audit Committee with specific terms of reference comprising the following three members including the Chairman, who is an independent non-executive director.

Mr. Shah Faisal	Chairman
Mr. Anwar A. Sheikh	Member
Miss T. Uzra Dawood	Member

The Audit Committee reviewed the quarterly, half-yearly and annual financial statements before submission to the Board and their publication. The Audit Committee had detailed discussions with the external auditors. The Audit Committee also reviewed internal audit findings and held separate meetings with internal and external auditor as required under the Code of Corporate Governance.

Key Financial Highlights

Key financial highlights are summarized and annexed to these financial statements.

Pattern of Shareholding

The pattern of shareholding as on June 30, 2006 along with disclosure as required under the Code is annexed.

Events after the Balance Sheet Date

There have not been any material events that occurred subsequent to the date of the Balance Sheet that require adjustments to the enclosed financial statements.

Asset Manager Rating

Pakistan Credit Rating Agency Limited (PACRA) has assigned Asset Manager Rating of "AM3" to DCM, which reflects the Company's Strong Capacity to manage the risk inherent in asset management.

Acknowledgement

We take the opportunity to thank our customers, business associates, leading banks and financial institutions for putting their trust with us and allowing us to cater to their financial needs. We also appreciate the guidance and support provided to DCM by the Securities and Exchange Commission of Pakistan. We truly appreciate and value the contribution of our staff who have worked tirelessly to bring quality and growth to the Company and to grow our customer base.

In closing, we reaffirm our commitment to our shareholders to further enhance the value of their investment in the Company.

Karachi
Date: September 27, 2006

For and on behalf of the Board,

**Feroze Sayeed-ud-Deane
Chairman**





STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE FOR THE YEAR ENDED JUNE 30, 2006

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

This Statement is being presented to comply with the Code of Corporate Governance (the "Code") contained in Regulation No. 37 of listing regulations of Karachi Stock Exchange (Guaranteed) Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance. DCM has applied the principles contained in the Code in the following manner:

1. The Company encourages representation of independent non-executive directors on its Board of Directors. At present, the Board includes six (6) independent non-executive directors. This means 85.71% of the directors of the board are independent non-executive directors.
2. The Directors have confirmed that none of them is serving as a director in more than ten listed companies, including this Company.
3. All the resident directors of the Company are registered as tax payers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFII or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. A casual vacancy occurred in the Board and was filled up by the directors within 30 days thereof.
5. The Company has prepared a "Statement of Ethics and Business Practices", which has been signed by all the Directors and employees of the Company.
6. The Board of Directors has adopted a vision/mission statement and an overall Corporate Strategy of the Company and has also formulated significant policies as mentioned in the Code. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and conditions of the Chief Executive Officer have been taken by the Board.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a Director elected by the Board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with the agenda and working papers, were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors of the Company have been provided with copies of the Listing Regulations, Code of Corporate Governance, NBFCs Rules, Company's Memorandum and Articles of Association and all other relevant rules and regulations and hence are conversant of the relevant laws applicable to the Company, its policies and procedures and provisions of memorandum and article of Associations and of their duties and responsibilities. Directors have also attended talks and seminars on the subject of Corporate Governance.
10. The Board of Directors of the Company has approved the appointment of the Chief Financial Officer, Company Secretary and Internal Auditor including their remuneration and terms and conditions of employment as determined by the Chief Executive Officer.
11. The Directors' Report for this year has been prepared in compliance with the requirements of the Code and fully describes the salient matters required to be disclosed.
12. Financial Statements for the half-year ended December 31, 2005 quarter ended September 30, 2005, March 31, 2006 and full year ended June 30, 2006 presented to the Board for consideration and approval, were duly endorsed and signed by the Chief Executive Officer and Chief Financial Officer.
13. The Directors, Chief Executive Officer and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.



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14. The Company has complied with all the corporate and financial reporting requirements of the Code.
 15. The Board has formed an Audit Committee. It comprises 3 members, of whom 2 are Non-Executive Directors including the Chairman of the committee.
 16. The meetings of the Audit Committee AC were held at least once every quarter prior to approval of the interim and final results of the Company and as required by the Code. The terms of reference of the AC have been formed and advised to the AC for compliance.
 17. The Board has appointed M/s Anjum Asim Shahid Rehman & Co. Chartered Accountants, as Internal Auditors of the Company and has also approved their terms and conditions. They are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the Company and their representatives are involved in the internal audit function on a full time basis.
 18. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control review program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on The Code of ethics as adopted by ICAP.
 19. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance to the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
 20. We confirm that all other material principles contained in the Code have been complied.

Karachi
Date: September 27, 2006

On Behalf of the Board of Directors
Dawood Capital Management Limited

Tara Uzra Dawood
Chief Executive Officer



**REVIEW REPORT TO THE MEMBERS ON STATEMENT OF COMPLIANCE
WITH BEST PRACTICES OF CODE OF CORPORATE GOVERNANCE**

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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Web: www.deloitte.com

We have reviewed the Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of DAWOOD CAPITAL MANAGEMENT LIMITED to comply with the relevant Listing Regulation of all the Stock Exchanges where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the Company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of the financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We have not carried out any special review of the internal control system to enable us to express an opinion as to whether the Board's statement on internal control covers all controls and the effectiveness of such controls.

Based on our review, nothing has come to our attention, which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the company for the year ended June 30, 2006.

Karachi
Date: September 27, 2006

Chartered Accountants

A member firm of
Deloitte Touche Tohmatsu



AUDITORS' REPORT TO THE MEMBERS

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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We have audited the annexed balance sheet of **Dawood Capital Management Limited** as at June 30, 2006 and the related profit and loss account, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also include assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper books of account have been kept by the Company as required by the Companies Ordinance, 1984;
- (b) in our opinion:
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied ;
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, cash flow statement and the statement of changes in equity, together with the notes forming part thereof, conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2006 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Karachi
Date: September 27, 2006

Chartered Accountants

A member firm of
Deloitte Touche Tohmatsu



BALANCE SHEET AS AT JUNE 30, 2006

	Notes	2006 Rupees	2005 Rupees
SHARE CAPITAL AND RESERVES			
Authorised Capital 20,000,000 Ordinary Shares of Rs.10/- each		200,000,000	200,000,000
Issued, Subscribed and Paid-Up Capital	3	110,000,000	100,000,000
Reserves, Surplus and Unappropriated Profit	4	66,300,133	57,804,014
		176,300,133	157,804,014
NON -CURRENT LIABILITIES			
Deferred Tax Liability	5	60,000	300,000
Liabilities Against Assets Subject to Finance Lease	6	-	32,911
CURRENT LIABILITIES			
Current Portion of Liabilities Against Assets Subject to Finance Lease	6	32,911	552,349
Short-Term Borrowings	7	49,000,000	89,000,000
Finance Under Mark-Up Arrangements	8	3,935,659	6,717,916
Short-Term Deposit		-	269,100
Accrued and Other Liabilities	9	2,956,887	3,293,914
Taxation - Net		4,062,193	1,429,154
		59,987,649	101,262,433
Contingencies and Commitments	10		
		236,347,782	259,399,358
NON-CURRENT ASSETS			
Operating Fixed Assets	11	1,701,549	2,876,966
Venture Investments	12	1,750,000	1,750,000
Long-Term Receivable	13	3,000,000	4,000,000
Long-Term Loans	14	265,676	345,400
Long-Term Deposits		65,800	65,800
CURRENT ASSETS			
Investments - Available for Sale	15	199,421,453	223,462,275
Fund Placements		-	15,000,000
Loans, Advances, Prepayments and Other Receivables	16	29,803,741	11,701,155
Bank Balances	17	339,563	197,762
		229,564,757	250,361,192
		236,347,782	259,399,358

The annexed notes 1 to 32 form an integral part of these financial statements

Tara Uzra Dawood
Chief Executive Officer

Hasib Ahmed
Director



**PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2006**

	Notes	2006 Rupees	2005 Rupees
INCOME			
Investment Income	18	15,279,033	21,429,087
Management Fee	19	29,902,219	14,931,019
		<u>45,181,252</u>	<u>36,360,106</u>
EXPENDITURE			
Administration and Operating Expenses	20	15,022,544	12,712,994
Financial Charges	21	7,494,995	9,393,560
		<u>22,517,539</u>	<u>22,106,555</u>
		22,663,713	14,253,551
Other Income	22	398,277	6,855,909
PROFIT BEFORE TAXATION		<u>23,061,990</u>	<u>21,109,460</u>
Taxation			
- Current	23	4,800,000	3,600,000
- Deferred		(240,000)	917,822
		<u>4,560,000</u>	<u>4,517,822</u>
PROFIT FOR THE YEAR		<u><u>18,501,990</u></u>	<u><u>16,591,638</u></u>
Earnings Per Share - Basic and Diluted	24	<u>1.68</u>	<u>1.51</u>

The annexed notes 1 to 32 form an integral part of these financial statements

Tara Uzra Dawood
Chief Executive Officer

Hasib Ahmed
Director



**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2006**

	2006 Rupees	2005 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before Taxation	23,061,990	21,109,460
Adjustments for:		
Depreciation	663,317	1,880,368
Gain on Disposal of Fixed Assets	-	(5,928,325)
Gain on Disposal of Venture Investments	-	(165,000)
Financial Charges	7,494,995	9,393,560
	<u>8,158,312</u>	<u>5,180,603</u>
Operating Cash Flows before Movement in Working Capital	31,220,302	26,290,063
Decrease/(Increase) in Current Assets		
Investments - Available for Sale	24,034,950	(59,784,312)
Fund Placements	15,000,000	(15,000,000)
Loans, Advances, Prepayments and Other Receivables	(17,951,945)	(6,298,777)
	<u>21,083,006</u>	<u>(81,083,089)</u>
Increase/(Decrease) in Current Liabilities		
Accrued and Other Liabilities	388,075	(151,160)
Short Term Deposit	(269,100)	-
	<u>118,975</u>	<u>(151,160)</u>
Cash From/(Used in) Operations	52,422,283	(54,944,186)
Income Tax Paid	(2,166,961)	(1,597,169)
Financial Charges Paid	(8,220,099)	(8,364,552)
Net Cash Flow from/(Used in) Operating Activities	<u>42,035,223</u>	<u>(64,905,907)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Disposal of Fixed Assets	853,000	6,883,002
Proceeds from Disposal of Venture Investments	-	165,000
Long-Term Loans	129,084	(315,230)
Long-Term Deposits	-	23,600
Long-Term Receivable	800,000	(5,000,000)
Purchase of Fixed Assets	(340,900)	(284,800)
Net Cash Flow from Investing Activities	<u>1,441,184</u>	<u>1,471,572</u>
C. CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of Obligations under Finance Lease	(552,349)	(648,475)
Short-Term Borrowings	(40,000,000)	53,300,000
Dividend Paid	-	(44,850)
Net Cash (Used in)/Flow from Operating Activities	<u>(40,552,349)</u>	<u>52,606,675</u>
Net Increase/(Decrease) in Cash and Cash Equivalents	2,924,058	(10,827,660)
Cash and Cash Equivalents at the Beginning of the Year	<u>(6,520,154)</u>	<u>4,307,506</u>
Cash and Cash Equivalents at the End of the Year	<u>(3,596,096)</u>	<u>(6,520,154)</u>
Components of Cash and Cash Equivalents		
Bank Balances	339,563	197,762
Finance under Mark-Up Arrangements - Secured	(3,935,659)	(6,717,916)
	<u>(3,596,096)</u>	<u>(6,520,154)</u>

The annexed notes 1 to 32 form an integral part of these financial statements

Tara Uzra Dawood
Chief Executive Officer

Hasib Ahmed
Director



**STATEMENTS OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2006**

	Issued, Subscribed & Paid-Up Capital	Statutory Reserve	General Reserve	Surplus on Revaluation of Investments	Unappropriated Profit	Total
	Rupees					
Balance as at July 1, 2004	100,000,000	10,630,264	15,000,000	11,578,842	5,189,122	42,398,228
Profit for the Year	-	-	-	-	16,591,638	16,591,638
Surplus on Revaluation of Securities	-	-	-	1,547,531	-	1,547,531
Surplus Realised and Credited to Profit and Loss Account	-	-	-	(2,733,383)	-	(2,733,383)
Balance as at June 30, 2005	100,000,000	10,630,264	15,000,000	10,392,990	21,780,760	157,804,014
Profit for the Year	-	-	-	-	18,501,990	18,501,990
Issue of Bonus Shares	10,000,000	-	-	-	(10,000,000)	-
Surplus on Revaluation of Securities	-	-	-	4,465,429	-	4,465,429
Surplus Realised and Credited to Profit and Loss Account	-	-	-	(4,471,301)	-	(4,471,301)
Balance as at June 30, 2006	110,000,000	10,630,264	15,000,000	10,387,119	30,282,751	176,300,133

The annexed notes 1 to 32 form an integral part of these financial statements

Tara Uzra Dawood
Chief Executive Officer

Hasib Ahmed
Director



NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2006

1. COMPANY AND ITS OPERATIONS

- 1.1 Dawood Capital Management Limited (the Company) was incorporated on 18 September 1990 as a public limited company in Pakistan, with its registered office in Karachi, Sindh. The Company is listed on the Karachi Stock Exchange.

DCM is registered as a Non-Banking Finance Company under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Company has further obtained the license to carry out investment advisory services and has been registered as an Investment Advisor under the Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The Company floated an open-end mutual fund "Dawood Money Market Fund". Which has a net assets value of as on June 30, 2006 of Rs.1,745 million (30 June 2005 : Rs.1,836 million). The Company has also floated a close-end scheme First Dawood Mutual Fund. The net assets value of FDMF as on 30 June 2006 Rs.618 million (30 June 2005: Rs. 505 million).

- 1.2 These financial statements are prepared in Pak. Rupees, which is the Company's functional and presentation currency.

2. SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Preparation

These financial statements have been prepared under historical cost convention except certain financial instruments which have been included at their fair values in accordance with the recognition/measurement criteria specified in the relevant International Accounting Standards applicable to such instruments.

2.2 Statement of Compliance

These financial statements have been prepared in accordance with the requirements of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003 (the Rules), Companies Ordinance, 1984 (the Ordinance), directives issued by the Securities & Exchange Commission of Pakistan (SECP) and approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Accounting Standards as notified under the provisions of the Ordinance.

Wherever, the requirements of the Rules or the Ordinance or directives issued by the SECP differ with the requirements of these standards, the requirements of the Rules, the Ordinance or the requirements of the said directives take precedence.

- 2.3 The following International Financial Reporting Standard has been published that are applicable to the Company's financial statements covering annual periods, beginning on or after the following date:

<i>Title of IAS/IFRS</i>	<i>Effective Date</i>
IFRS 7 Financial Instruments: Disclosure	January 1, 2007

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the Company.



2.4 Employee Retirement Benefits - Defined Contribution Plan

The Company operates recognised provident fund scheme for all its eligible employees. Equal monthly contributions are made, both by the Company and its employees, to the fund at the rate of 10 percent of basic salary.

2.5 Taxation

Current

The charge for current taxation is based on taxable income at current rates of taxation after taking into consideration available tax credits, rebates and tax losses, if any, or at the rate of one-half percent of turnover, whichever is higher.

Deferred

Deferred tax is recognised using the balance sheet liability method on all significant temporary differences between the amounts attributed to assets and liabilities for financial reporting purposes and amounts used for taxation purposes. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit can be realized.

2.6 Accrued and Other Liabilities

Accrued and other liabilities are measured at cost which is the fair value of the consideration to be paid in the future for services whether billed to the Company or not.

2.7 Operating Fixed Assets and Depreciation

Owned

Fixed assets are stated at cost less accumulated depreciation and impairment (if any). Depreciation is charged applying the straight line method over their estimated useful lives.

Depreciation is charged on a proportionate basis. The depreciation is charged from the month of acquisition or the month the asset is put into use and on disposals up to the month of disposals.

Normal repairs and maintenance are charged to income as and when incurred.

Gains and losses on disposal of fixed assets, if any, are taken to profit and loss account.

Leased

Assets subject to finance lease are accounted for by recording the assets at the lower of present value of minimum lease payments under the lease agreements and the fair value of assets acquired. The related obligation under the lease is accounted for as liability. Financial charges are allocated to accounting period in a manner so as to provide a constant periodic rate of charge on the outstanding liability. Depreciation is charged to income applying the straight line method at the rates specified in note 11.

2.8 Investments

All purchases and sale of investments are recognised using trade date accounting. Trade is date that the Company commits to purchase or sell the investment.



2.8.1 Venture Investments

Venture investments were made to assist the promoters of industrial units or new projects engaged in manufacturing, trading or service activities, involving risk oriented new technology, market, up-gradation of technology, establishment and enhancement of products, services, other supporting infrastructure or manufacture of new or value added products for new usage and markets. Such investments are in the form of equity or redeemable capital. These investments are classified as available for sale.

Equity Investments

Venture investments in unlisted companies are carried at cost as there is no active market for such investments.

Impairment loss, if any is recognised in profit and loss account.

2.8.2 Investments in Securities

Held-to-Maturity

These are securities with fixed or determinable payments and fixed maturity that the Company has the positive intent and ability to hold to maturity. Held-to-Maturity investments are initially recognised at fair value inclusive of transaction cost and are subsequently measured at amortized cost using effective interest rate method, less any impairment loss recognized to reflect irrecoverable amounts.

Financial Assets at Fair Value Through Profit or Loss

There are investments designated at fair value through profit or loss at inception. These are initially measured at fair value and changes on re-measurement are taken to profit and loss account.

Available for Sale

These are investments that do not fall under financial assets at fair value through profit or loss or Held For Maturity.

An Available For sale investment is initially recognised at fair value inclusive of transaction cost and subsequently re-measured at fair value. The fair value is determined on the basis of year-end quoted prices, except unquoted term finance certificates which are kept at cost, as no quoted price is available on the stock exchange. Surplus/deficit arising from re-measurement are taken to the shareholders' equity.

Such surplus/deficit is taken to the profit and loss account to the extent it relates to the securities sold/disposed off during the respective year.

Derecognition

All investments are de-recognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

2.9 Securities Under Repurchase/Resale Agreements – Carry-Over Transactions

Securities purchased under a corresponding commitment to resell at a specified future date (reverse-repo) are recorded as receivables against carry-over transactions at fair value of the consideration given. Securities sold under a simultaneous commitment to repurchase at a specified future date (repo) are recognised in the balance sheet as investments and the counterpart liability is shown as payable against carry-over transactions. All carry-over transactions are accounted for on settlement date basis.



2.10 Cash and Cash Equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the Cash Flow Statement, cash and cash equivalents consist of bank balances and short-term finances under mark-up arrangements.

2.11 Revenue Recognition

Investment Income

Dividend income on ordinary shares/equity securities is recognized at the time of closure of the share transfer books of the investees declaring the dividend.

Gains and losses on disposal of investments is accounted for in current year income.

Management Fee

Management fees is recognized on an accrual basis on the Net Asset Value (NAV) of funds on daily product basis.

Others

Profit/return from PLS deposits, placements and securities are recognized on an accrual basis.

2.12 Financial Instruments

At the time of initial recognition, all financial assets and liabilities are measured at fair value. The particular recognition method for measurement of financial assets and liabilities subsequent to initial recognition is disclosed in the individual policy statement associated with them.

2.13 Related Parties

All transactions with related parties are carried out by the Company at arm's length prices.

2.14 Provisions for Obligations

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

2.15 Off-setting of Financial Instruments

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when there is a legally enforceable right to set-off the recognised amount and the Company intends either to settle on a net basis, or to realise the assets and to settle the liabilities simultaneously. Corresponding income on the assets and charge on the liability is also off-set.

2.16 Impairment

The carrying amounts of the Company's assets, for which policy is given separately, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If such indication exists, the assets' recoverable amount is estimated. An impairment loss is recognised wherever the carrying amount of the asset exceeds its recoverable amount. Impairment losses are charged to income currently.



2.17 Critical Accounting Estimates and Judgments

The preparation of financial statements in conformity with approved accounting standards requires the use of certain critical accounting estimates. It also requires the management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgment are continually evaluated and are based on historical experience, including expectations of future events that are believed to be reasonable under the circumstances. The areas various where assumptions and estimates are significant to the Company's financial statements or where judgments was exercised in application of accounting policies are as follows;

- Classification of Investment (note 2.8)
- Taxation (note 2.5 and 23)
- Provision for Doubtful Debts (note 16)

3. ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

No. of Shares			2006	2005
2006	2005		Rupees	Rupees
		Ordinary Shares of Rs.10/- Each Fully Paid		
10,000,000	10,000,000	In Cash	100,000,000	100,000,000
1,000,000	-	As Bonus Shares	10,000,000	-
<u>11,000,000</u>	<u>10,000,000</u>		<u>110,000,000</u>	<u>100,000,000</u>

3.1 Reconciliation of Number of Ordinary Shares of Rs. 10 Each;

	2006	2005
	No. of Shares	No. of Shares
At the Beginning of the Year	10,000,000	10,000,000
Add: Issued as Bonus Shares	1,000,000	-
At the End of the Year	<u>11,000,000</u>	<u>10,000,000</u>

3.2 The Company has one class of ordinary shares which carry no right to fixed income.

3.3 The Company has no reserved shares for issuance under options and sales contracts.

3.4 The Associated Companies Hold Shares as Follows:

	2006	2005
	No. of Shares	No. of Shares
First Dawood Investment Bank	3,300,000	3,000,000
Guardian Modarba	1,419,110	1,290,100
	<u>4,719,110</u>	<u>4,290,100</u>



4. RESERVES

		2006 Rupees	2005 Rupees
<i>Capital Reserves</i>			
Statutory Reserve	4.1	10,630,264	10,630,264
Surplus on Revaluation of Investments		10,387,119	10,392,990
		<u>21,017,383</u>	<u>21,023,254</u>
<i>Revenue Reserves</i>			
General Reserve		15,000,000	15,000,000
Unappropriated Profit		30,282,751	21,780,760
		<u>45,282,751</u>	<u>36,780,760</u>
		<u>66,300,133</u>	<u>57,804,014</u>

- 4.1 The reserve was created by transferring 20 percent of after-tax profits, as required under Rule 3 of the Rules of Business for Non-Banking Financial Institutions. Consequent to the Company's registration as an Asset Management Company, no further transfer has been made to the reserve subsequent to December 31, 2002.

5. DEFERRED TAX LIABILITY/ASSET

Deferred tax is composed of debit/(credit) balance on accelerated depreciation on operating fixed assets and finance lease obligation as follows:

Credit Balance Arising in Respect of Finance Lease Obligation	168,420	723,767
(Debit) Balance Arising in Respect of Accelerated Accounting Depreciation	(108,420)	(423,767)
	<u>60,000</u>	<u>300,000</u>

6. LIABILITIES AGAINST ASSETS SUBJECT TO FINANCE LEASE

	-----2006-----		-----2005-----	
	<i>Minimum Lease Payments</i>	<i>Present Value</i>	<i>Minimum Lease Payments</i>	<i>Present Value</i>
	-----Rupees-----			
Within One Year	33,600	32,911	590,575	552,349
After One Year But Not More than Five Years	-	-	33,600	32,911
Total Minimum Lease Payments	<u>33,600</u>	<u>32,911</u>	<u>624,175</u>	<u>585,260</u>
Less: Amount Representing Finance Charges	(689)	-	(38,915)	-
Present Value of Minimum Lease Payments	<u>32,911</u>	<u>32,911</u>	<u>585,260</u>	<u>585,260</u>
Less: Current Portion	<u>32,911</u>	<u>32,911</u>	<u>552,349</u>	<u>552,349</u>
	<u>-</u>	<u>-</u>	<u>32,911</u>	<u>32,911</u>

DCM has entered into sale and lease back and finance lease agreements with a Modaraba (an associated concern) for vehicles. Payment under the agreement includes financial charges at the rate of 10 percent per annum (2005 : 10 percent), which are used as discounting factors. An additional charge of Rs.100 per day is leviable on the overdue rentals. The arrangements are for a period of three years and rentals are payable monthly and quarterly. The fair value of the Company's lease liabilities approximates their carrying amount. Liabilities under finance lease are secured by lessor's charge over the leased assets.



7. SHORT-TERM BORROWINGS

		2006 Rupees	2005 Rupees
Secured	7.1	24,000,000	49,000,000
Unsecured	7.2	25,000,000	40,000,000
		<u>49,000,000</u>	<u>89,000,000</u>

7.1 This borrowing is subject to mark-up at the rate of 11.50 percent per annum (2005 : 10.25 to 11 percent per annum) payable at the end of agreed maturity periods. These are secured against pledge of term finance certificates. The principal amount is payable, in lump sum, on September 14, 2006.

7.2 This borrowing is subject to mark-up at the rate of 11.50 percent per annum (2005 : 10 to 10.50 percent per annum) payable at the end of agreed maturity periods. The principal amount is payable, on August 10, 2006.

8. FINANCE UNDER MARK-UP ARRANGEMENTS - Secured

This represents approved a running finance facility of Rs.10 million (2005:Rs.10 million) obtained from a commercial bank and is renewable on a yearly basis. The facility is secured by pledge of preference shares and term finance certificates. The facility is subject to mark-up upto 11 percent per annum (2005:9.00 percent per annum).

		2006 Rupees	2005 Rupees
9. ACCRUED AND OTHER LIABILITIES			
Accrued Financial Charges		623,881	1,348,985
Accrued Expenses		367,696	297,796
Other Liabilities		930,763	612,587
Unclaimed Dividend		1,034,546	1,034,546
		<u>2,956,887</u>	<u>3,293,914</u>

10. CONTINGENCIES AND COMMITMENTS

While finalizing the assessment for 1998-99 to 2002-2003, the Deputy Commissioner of Income Tax (DCIT) has made certain disallowances and added a reversal of diminution in the value of investment into income. The Company has filed appeals with the Commissioner of Income Tax (CIT), CIT cancelled the orders under section 122(5A) of the Income Tax Ordinance, 2001. An appeal filed by the department before the Income Tax Appellate Tribunal that has not yet been heard. No provision has been made in these financial statements for this demand, as the management is confident that decisions will be in favour of the Company.



II. OPERATING FIXED ASSETS

Description	Cost		Accumulated Depreciation				Book Value as at June 30, 2006	Rate %
	As at July 01, 2005	Addition/Transfers/(Deletion)	As at June 30, 2006	As at July 01, 2005	Charge for the Year	On Disposal During the Year		
-----Rupees----->								
OWNED								
Furniture and Fitting	1,095,131	-	1,095,131	473,686	76,119	-	549,805	10
Office Equipment	1,401,149	165,400	1,566,549	1,000,967	156,128	-	1,157,095	20
Vehicles	4,383,600	175,500 (4,265,000)	294,100	3,437,928	33,470	(3,412,000)	59,398	234,702
	6,879,880	340,900 (4,265,000)	2,955,780	4,912,581	265,717	(3,412,000)	1,766,298	1,189,482
LEASED ASSETS								
Vehicles	1,988,000	- 340,900	1,988,000	1,078,333	397,600	-	1,475,933	20
	8,867,880	(4,265,000) 284,800	4,943,780	5,990,914	663,317	(3,412,000)	3,242,231	1,701,549
	2005 Rupees	15,675,320	8,867,880	10,248,109	1,880,368	(6,137,563)	5,990,914	2,876,966
III.1 Disposal of Fixed Assets								
Description	Original Cost	Accumulated Depreciation	Book Value	Sale Proceed	Mode of Disposal	Particulars		
	-----Rupees-----							
Vehicle	4,265,000	3,412,000	853,000	853,000	Company Policy	Miss Tara Uzra Dawood Chief Executive Officer		
	4,265,000	3,412,000	853,000	853,000				
	2005 Rupees	7,092,240	6,137,563	954,677		6,883,002		



12. VENTURE INVESTMENTS

	Notes	2006 Rupees	2005 Rupees
Available for Sale	12.1 & 12.2	<u>1,750,000</u>	<u>1,750,000</u>

12.1 Investment in Unlisted Company

<i>No. of Shares</i>		Name of Investee	Notes	2006 Rupees	2005 Rupees
2006	2005				
50,000	50,000	Sapphire Power Generation Limited (Ordinary shares of Rs. 10/- each) Chief Executive: Mr. Shahid Abdullah	12.1.1	1,750,000	1,750,000
				<u>1,750,000</u>	<u>1,750,000</u>

12.1.1 The net assets of the Company based on audited financial statements as at June 30, 2005 amounts to Rs.584.339 million (2004:Rs. 603.212 million).

The abridged results of Sapphire Power Generation Limited are as follows:

		2005 Rupees	2004 Rupees
Sales		<u>634,988,035</u>	<u>622,633,271</u>
Operating-(Loss)/Income	(30,926,439)	<u>52,520,962</u>	
(Loss)/Profit after Taxation		<u>(19,020,509)</u>	<u>50,311,651</u>
(Loss)/Earnings Per Share		<u>(2.03)</u>	<u>5.37</u>

12.2 Investment in Listed Company

<i>No. of Shares</i>		Name of Investee	Notes	2006 Rupees	2005 Rupees
2006	2005				
-	12,000	Gauhar Engineering Limited		-	120,000
-	-	Impairment Loss		-	(120,000)
				<u>-</u>	<u>-</u>

The investment has been written off as per the approval of Board of Directors.

13. LONG-TERM RECEIVABLES

From Related Party			
Preliminary Expenses	13.1	4,200,000	5,000,000
Current Maturity Shown Under Current Assets		<u>(1,200,000)</u>	<u>(1,000,000)</u>
		<u>3,000,000</u>	<u>4,000,000</u>

13.1 These represent expenses relating to the floating of a close-end fund during the year 2005. The Company has paid this amount under the requirement of Non-Banking Finance Companies (Establishment and Regulation) Rules, 2003. The amount is receivable in five years, in equal installments from the Fund.



14. LONG-TERM LOANS

	Notes	2006 Rupees	2005 Rupees
Related Party Unsecured - Considered Good Executive Employee	14.1	345,400	416,138
		-	58,346
		345,400	474,484
Current Maturity Shown under Current Assets		(79,724)	(129,084)
		265,676	345,400

14.1 Loan to Executive

Opening Balance	416,138	-
Disbursed During the Year	-	437,899
Received During the Year	(70,738)	(21,761)
	345,400	416,138

The loan has been provided to facilitate construction/renovation of residential accommodation and is repayable over a period of 5 years with the mark-up rate of 12% per annum.

15. INVESTMENTS - AVAILABLE FOR SALE

	Notes	2006		2005
		Cost	Fair value	Fair value
<----- Rupees ----->				
Units of Open-End Mutual Fund	15.1	45,495,733	55,555,251	49,333,735
Listed Securities	15.2	116,398,579	116,416,892	106,543,980
Term Finance Certificates	15.3	27,140,022	27,449,310	67,584,560
		189,034,334	199,421,453	223,462,275
Surplus on Revaluation of Investments		10,387,119	-	-
		199,421,453	199,421,453	223,462,275

15.1 Units of Open End Mutual Fund

No. of Units					
2006	2005				
212,319	344,952	Dawood Money Market Fund	19,495,733	23,733,872	37,468,686
-	136	- related party			
50,012	39,149	Unit Trust of Pakistan	-	-	1,104,864
-	12,184	Pakistan Stock Market Fund	1,000,000	5,693,879	4,533,454
-	50,000	Pakistan Income Fund	-	-	667,708
250,000	-	Crosby Dragon Fund	-	-	5,559,023
		AMZ Plus Income Fund	25,000,000	26,127,500	-
			45,495,733	55,555,251	49,333,735



15.2 Listed Securities

All shares/certificates represent fully paid ordinary shares/certificates of Rs.10/- each, unless otherwise stated.

<i>No of Shares/Certificates</i>		<i>Name of Companies</i>	<i>Cost</i>	<i>Fair Value</i>	
<i>2006</i>	<i>2005</i>		<i>2006</i>	<i>2006 2005</i>	
			<i>Rupees</i>		
Mutual Funds					
1,020,525	1,070,500	Atlas Fund of Funds	9,524,214	9,950,119	10,597,950
7,599,500	6,550,000	First Dawood Mutual Fund - Related Party *	75,766,030	70,675,350	65,500,000
-	5,000	PICIC Growth Fund	-	-	268,500
500	500	Pakistan Capital Market Fund	5,000	7,215	5,975
94,500	246,000	Pakistan Strategic Allocation Fund	945,000	1,006,425	2,373,900
Leasing Companies					
60	498	Crescent Leasing Company Limited	845	495	7,420
Investment Banks/Companies/Security Companies					
1,029,577	579,239	First Dawood Investment Bank Limited - Related Party	14,990,058	22,444,779	9,499,520
Commercial Banks					
-	6,000	National Bank of Pakistan	-	-	647,700
250	-	United Bank Limited	10,000	34,437	
Textile Composite					
-	5,000	Kohinoor Textile Mills Limited	-	-	190,000
1,500,000	1,500,000	Chenab Limited (Preference)	15,000,000	11,925,000	15,000,000
Synthetic and Rayon					
375	375	Dewan Salman Fibre Limited	8,374	4,200	6,319
Cement					
-	10,000	Maple Leaf Cement Limited	-	-	218,000
6,800	6,800	Pioneer Cement Limited	113,463	310,420	142,800
Refinery					
156	100	Attock Refinery Limited	12,147	13,525	15,955
Power Generation and Distribution					
500	500	Kot Addu Power Company Limited	5,000	21,050	18,875
Transport					
94	94	Pakistan International Container Terminal Limited	943	7,252	2,416
Technology and Communication					
-	5,000	Pakistan Telecommunication Company Limited 'A'	-	-	329,750



<i>No of Shares/Certificates</i>			<i>Cost</i>		<i>Fair Value</i>	
<i>2006</i>	<i>2005</i>	<i>Name of Companies</i>	<i>2006</i>	<i>2006</i>	<i>2005</i>	
			<i>Rupees</i>			
		Chemicals				
-	5,000	ICI Pakistan Limited	-	-	387,500	
		Food and Personal Care Products				
-	100	Unilever Pakistan Limited (Face Value Rs. 50/-)	-	-	141,000	
		Miscellaneous				
500	-	Siddiqsons Tin Plate Limited	17,505	16,625	-	
-	24,000	Ecopack Limited	-	-	1,190,400	
			116,398,579	116,416,892	106,543,980	

* This investment is made as per Rule 33(b) of the Non-Banking Finance Companies (Establishment & Regulation) Rules 2003.

15.3 Term Finance Certificates

All certificates represent face value of Rs.5,000/- each.

<i>No of Certificates</i>			<i>Period of Redemption</i>	<i>Term of Redemption</i>	<i>Rates %</i>	<i>2006</i>		<i>2005</i>
<i>2006</i>	<i>2005</i>					<i>Cost</i>	<i>Fair Value</i>	<i>Fair Value</i>
						<i>Rupees</i>		
167	500	Gulistan Textile Mills Limited	* 2001-2006-Semi-Annually	SBP Discount Rate + 2.00%	832,670	832,670	2,547,960	
184	369	Reliance Weaving Mills Limited	2002-2007-Semi-Annually	SBP Discount Rate + 2.50%	921,430	1,013,573	1,935,001	
-	459	Shahmurad Sugar Limited	* 2002-2006-Semi-Annually	15.50%	-	-	2,309,131	
33	100	Maple Leaf Cement Limited	* 2002-2006-Semi-Annually	SBP Discount Rate + 2.50%	166,600	179,928	519,792	
600	600	Crescent Leasing Limited – II	* 2002-2007-Semi-Annually	SBP Discount Rate + 2.00%	3,000,000	3,070,590	3,090,000	
1,098	1,099	Union Bank Limited	* 2002-2008-Semi-Annually	SBP Discount Rate + 2.25%	5,492,300	5,492,300	5,659,335	
-	252	Securetel SPV Limited	2003-2006 Quarterly	11.50%	-	-	1,262,495	
666	999	Ittehad Chemicals Limited	* 2003-2008-Semi-Annually	SBP Discount Rate + 2.50%	3,330,680	3,463,907	5,045,960	
				Floor 7:00%, Cap: 12.00%				
488	1,455	First Oil and Gas Securitisation Limited +	*2003-2008	Monthly	SBP Discount Rate + 2.50%	2,399,092	2,399,092	7,274,986
444	778	Development Securitisation Trust +	* 2004-2007-Semi-Annually	SBP Discount Rate + 4.00%	2,222,250	2,222,250	3,813,900	
-	5,000	Spell Telecommunication Limited	* 2004-2005-Semi-Annually	7.50%	-	-	25,000,000	
1,755	1,755	First Dawood Investment Bank Limited	* 2001-2006-Semi-Annually	SBP Discount Rate + 1.75%	8,775,000	8,775,000	9,126,000	
		- Related Party						
					27,140,022	27,449,310	67,584,560	

* These TFCs are pledged with commercial banks against a short-term borrowing facility and finance obtained under mark-up arrangements.

+ Being unquoted these TFCs are stated at Cost.



	Notes	2006 Rupees	2005 Rupees
16. LOANS, ADVANCES, PREPAYMENTS AND OTHER RECEIVABLES			
Considered Good			
Current Portion of Long-Term Receivable	13	1,200,000	1,000,000
Current Portion of Long-Term Loan	14	79,724	129,084
Advance to Employees		107,167	122,000
Prepayments		30,699	178,398
Accrued Income on Investments and Fund Placement		1,150,355	3,217,161
Advance Against Subscription for Shares		6,000,000	-
Accrued Management Fee		19,679,608	7,026,083
Other Receivables		1,556,188	28,429
		<u>29,803,741</u>	<u>11,701,155</u>
Considered Doubtful			
Advances Against Ventures		100,000	100,000
Provision for Doubtful Debts		(100,000)	(100,000)
		<u>-</u>	<u>-</u>
		<u>29,803,741</u>	<u>11,701,155</u>
17. BANK BALANCES			
Cash at Bank			
Current Accounts	17.1	144,600	146,050
Savings Accounts		194,963	51,712
		<u>339,563</u>	<u>197,762</u>
		<u>339,563</u>	<u>197,762</u>
17.1	This includes an amount of Rs.101,609/- (2005 : Rs.101,609/-) kept with the State Bank of Pakistan (SBP) as liquidity reserve as required by the Repealed Rules of Business for Non-Banking Financial Institutions.		
18. INVESTMENT INCOME			
Equity Investments			
Net Gain on Sale of Investments		3,378,105	1,419,586
Surplus Realized on Investments		4,471,301	2,733,383
Dividend Income		1,635,175	1,541,169
Other Investments			
Return on Fund Placement		279,399	4,615,507
Return on Term Finance Certificates		5,515,054	9,468,122
Income from Reverse-Repurchase Transactions	18.1	-	1,651,320
		<u>15,279,033</u>	<u>21,429,087</u>
18.1 Income from Reverse-Repurchase Transactions			
Dividend/Income on Reverse-Repurchase Transactions		-	2,800,000
Charge on Reverse-Repurchase Transactions		-	(1,148,680)
		<u>-</u>	<u>1,651,320</u>
19. MANAGEMENT FEE			
Dawood Money Market Fund	19.1	11,613,548	10,133,941
First Dawood Mutual Fund	19.2	18,288,671	4,797,078
		<u>29,902,219</u>	<u>14,931,019</u>



19.1 The Company is entitled to receive a management fee up to a maximum of 3 percent of the NAV of the Fund, in accordance with Rule 66 of the Rules on account of services rendered. However, management fee is charged at the rate of 1% per annum of NAV with effect from March 17, 2006 earlier it was 0.75 percent of Net Asset Value (NAV) of the fund under management.

19.2 The remuneration of the Investment Advisor has been determined at the rate of 3 percent of average monthly net assets of the Company, in accordance with Rule 53 of the NBFC Rules.

20. ADMINISTRATION AND OPERATING EXPENSES

		2006 Rupees	2005 Rupees
Salaries and Allowances	20.1 & 20.2	5,193,213	3,145,751
Rent, Rates and Taxes		688,444	456,723
Postage and Telephones		248,574	303,203
Legal and Professional Charges		3,316,828	3,085,674
Printing and Stationery		578,660	171,680
Travelling, Conveyance and Entertainment		702,073	436,174
Vehicles Running		550,812	688,640
Advertisement		577,564	228,750
Electricity		437,520	423,083
Repairs and Maintenance		407,530	445,322
Auditors' Remuneration	20.3	159,000	145,240
Insurance		206,390	295,246
Depreciation		663,317	1,880,368
Newspapers, Magazines and Subscriptions		783,314	362,958
Directors' Fees		18,000	17,000
Share Transfer Fees		-	1,500
Brokerage and Commission		13,149	10,374
Donation	20.4	250,786	6,786
Others		227,371	608,522
		<u>15,022,544</u>	<u>12,712,994</u>

20.1 This includes Rs.2 37,198/- (2005 : 191,409/-) representing contributions to staff retirement benefits.

20.2 Remuneration of Chief Executive, Directors and Executives

	<u>2006</u>			<u>2005</u>		
	<i>Chief Executive</i>	<i>Director</i>	<i>Executive</i>	<i>Chief Executive</i>	<i>Director</i>	<i>Executives</i>
Managerial Remuneration	1,200,000	-	800,000	694,149	-	627,837
House Rent	480,000	-	320,000	280,630	-	252,579
Bonus	300,000	-	176,500	-	-	-
Medical	13,479	-	12,000	51	-	10,697
Utilities	120,000	-	80,000	66,909	86,780	60,426
Provident Fund	120,000	-	80,004	64,512	-	58,068
Meeting Fees	-	18,000	-	-	17,000	-
	<u>2,233,479</u>	<u>18,000</u>	<u>1,468,504</u>	<u>1,106,251</u>	<u>103,780</u>	<u>1,009,607</u>
Number of Executives	1	0	1	1	1	1

The Chief Executive and Executives have been provided with company-maintained cars.

Executive means an employee other than Director and Chief Executive, whose basic salary exceeds Rs. 500,000/- in a financial year.

	2006 Rupees	2005 Rupees
20.3 Auditors' Remuneration		
Annual Audit Fee	100,000	100,000
Certification Fee	5,000	-
Fee for Half-Yearly Review	40,000	25,000
Out of Pocket Expenses	14,000	20,240
	<u>159,000</u>	<u>145,240</u>
20.4 No director or his/her spouse had any interest in the donee's fund.		



	2006	2005
	Rupees	Rupees
21. FINANCIAL CHARGES		
Financial Charges on Lease Obligations	38,226	91,765
Financial Charges on Short-Term Finance Under Mark-Up Arrangement	555,117	624,836
Financial Charges on Short-Term Borrowings	6,878,764	8,641,308
Bank Charges	22,888	35,651
	<u>7,494,995</u>	<u>9,393,560</u>
22. OTHER INCOME		
Gain on Disposal of Fixed Assets	-	5,928,325
Return on Securities Lending	-	514,528
Rental Income	-	330,321
Underwriting Commission	275,000	-
Sales Load on Units	36,711	13,885
Miscellaneous	86,566	68,850
	<u>398,277</u>	<u>6,855,909</u>
23. RELATIONSHIP BETWEEN TAX EXPENSE AND ACCOUNT PROFIT		
Profit Before Taxation	23,061,990	21,109,460
Tax Charge at Enacted Rate of 35 Percent	8,071,697	7,388,311
Effect of Taxable/(Deductible) Expenses	(67,037)	370,112
Tax Effect of Exempt Income and Income Subject to Reduced Rate of Tax	(3,332,176)	(2,972,948)
Others	127,516	(267,653)
	<u>4,800,000</u>	<u>4,517,822</u>
24. EARNINGS PER SHARE - Basic and Diluted		Restated
Profit for the Year	<u>18,501,990</u>	<u>16,591,638</u>
		---- No of Shares ----
Weighted Average Number of Ordinary Shares	3.1 <u>11,000,000</u>	<u>11,000,000</u>
		----- Rupees -----
Earnings Per Share - Basic and Diluted	<u>1.68</u>	<u>1.51</u>



25. TRANSACTIONS WITH RELATED PARTIES

The related parties comprise of related group companies, Directors and their close family members, senior executives, retirement benefit plans, major shareholders of the company and funds under management. Transactions with the related parties during the year were as follows:

Relationship with the Company Nature of Transactions

Associated Undertakings	Share of Common Expenses (Net)	3,549,820	2,865,290
	Purchase of Shares	6,437,370	-
	Sale of Property	-	6,877,000
	Sale of Term Finance Certificates	-	15,253,491
	Interest on Term Finance Certificates	1,004,990	1,101,491
	Payment of Lease Rentals	552,349	740,240
	Investment in Fund	10,525,250	65,500,000
	Management Fee	29,902,219	14,931,019
	Funds Borrowed	68,000,000	130,100,000
	Repayment of Borrowings	43,000,000	130,100,000
	Payment of Financial Charges on Borrowings	1,543,397	1,123,305
	Redemption of Units	32,757,029	13,619,997
	Bonus Units	3,346,389	3,126,063
	Receipt of Sales Load on Units	36,771	196,548
	Investment in Units	14,500,000	-
	Installment Receipt/Payment of Preliminary Expenses	800,000	5,000,000

The Company has not entered into any transaction with Director or Senior Executive other than those provided under the Company's policies and terms of employment.

26. INTEREST RATE RISK MANAGEMENT

Interest Rate Risk is the risk that arises when the value of financial instruments fluctuate due to changes in market interest rates. The information relating to the Company's exposure to Interest Rate Risk is as follows:

	Effective Yield/Interest Rate %	2006			Not Exposed to Yield/Interest Rate Risk	Total
		Exposed to Yield/Interest Rate Risk				
		Less than one Month	Up to One Year	Over one year		
		Rupees				
Financial Assets						
Venture Investment		-	-	-	1,750,000	1,750,000
Long-Term Receivable		-	-	-	4,200,000	4,200,000
Long-Term Loans	12.00	-	79,724	265,676	-	345,400
Long-Term Deposits		-	-	-	65,800	65,800
Investments - Available for Sale	Note-15	-	21,124,310	6,325,000	171,972,143	199,421,453
Loans, Advances and Other-Receivables		-	-	-	28,493,318	28,493,318
Bank Balances	2 - 4.50	194,963	-	-	144,600	339,563
		194,963	21,204,034	6,590,676	206,625,861	234,615,534
Financial Liabilities						
Obligation Under Finance Lease	10.00	-	32,911	-	-	32,911
Short-Term Borrowings	11.50	-	49,000,000	-	-	49,000,000
Finance Under Mark-Up Arrangement	11.00	3,935,659	-	-	-	3,935,659
Accrued and Other Liabilities		-	-	-	2,956,887	2,956,887
		3,935,659	49,032,911	-	2,956,887	55,925,457
On Balance Sheet Gap	June 30, 2006	(3,740,696)	(27,828,877)	6,590,676	203,668,974	178,690,078
On Balance Sheet Gap	June 30, 2005	8,333,796	(21,838,705)	312,489	169,799,308	156,606,888



27. LIQUIDITY RISK

Liquidity risk is the risk that an enterprise will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company manages liquidity risk by following internal guidelines of the Investment Committee such as monitoring maturities of financial assets and financial liabilities and investing in highly liquid financial assets.

The Company is not materially exposed to liquidity risk as all obligations/commitments of the Company are short-term in nature and all assets of the Company are readily disposable on the stock exchanges and over-the-counter market.

28. CREDIT RISK

Credit risk arising from the inability of the counter parties to meet the terms of the Company's financial instrument contracts is generally limited to the amounts, if any, by which the counter party obligations exceed the obligations of the company. Concentration of credit risk exist when changes in economic or industry factors similarly affect groups of counter parties whose aggregate credit exposure is significant in relation to the company's total credit exposure. The company's portfolio of financial instruments is broadly diversified and transactions are entered into with diverse creditworthy counter parties thereby mitigating any significant concentrations of credit risk.

29. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledge willing parties in an arm's length transaction. Consequently, differences can arise between carrying values and the fair value estimates.

Financial assets which are tradable in an open market are revalued at the market prices prevailing on the balance sheet date. The estimated fair value of all other financial assets and liabilities is considered not significantly different from book value as the items are short-term in nature.

30. NON-ADJUSTING EVENTS AFTER THE BALANCE SHEET DATE

The Board of Directors have approved Stock Dividend @ 10% (2005: 10 %). These financial statements do not reflect these appropriations.

31. APPROVAL

These financial statements were authorised for issue in the Board of Directors meeting held on September 27, 2006.

32. FIGURES

Figures have been rounded off to the nearest rupee.

Tara Uzra Dawood
Chief Executive Officer

Hasib Ahmed
Director



PATRRERN OF SHARE HOLDING AS AT JUNE 30, 2006

No. of Shareholders	Share Holding		Total Shares Held
	From	To	
102	1	100	4,295
220	101	500	38,074
161	501	1,000	92,900
67	1,001	5,000	128,180
11	5,001	10,000	65,850
1	10,001	15,000	11,000
2	15,001	20,000	31,450
4	20,001	25,000	86,020
3	25,001	30,000	82,060
1	40,001	45,000	42,501
1	50,001	55,000	55,000
1	80,001	85,000	82,500
3	85,001	90,000	259,160
2	90,001	95,000	181,280
1	95,001	100,000	99,110
3	105,001	110,000	330,000
2	125,001	130,000	259,700
1	135,001	140,000	139,500
1	190,001	195,000	192,500
1	285,001	290,000	286,000
1	330,001	335,000	334,620
1	425,001	430,000	427,130
1	445,001	450,000	447,370
2	540,001	545,000	1,089,000
1	765,001	770,000	770,000
2	985,001	990,000	1,980,000
1	137,001	1,375,000	1,375,000
1	2,105,001	2,110,000	2,109,800
598			11,000,000

CATEGORIES OF SHAREHOLDERS AS AT JUNE 30, 2006

Particulars	Categories of Share holders	Total Shares Held	Percentage
Financial Institutions	5	1,466,130	13.33
Individuals	573	2,462,940	22.39
Investment Companies	5	3,300,500	30.00
Foreign Investors	1	1,375,000	12.50
Joint Stock Companies	4	428,120	3.89
Modaraba Management Companies	1	99,110	0.90
Modarabas	7	1,322,750	12.03
Others	2	545,450	4.96
	598	11,000,000	100.00



**PATTERN OF SHARE HOLDING
AS AT JUNE, 30 2006**

Category No.	Cetrogies of Shares Holders	Number	Shares Held	Percentage %
1	Associated Companies			
	First Dawood Investment Bank		3,300,000	30.00
	Guardian Modaraba		1,419,110	12.90
		2	4,719,110	42.90
2	NIT & ICP			
	National Bank of Pakistan, Trustee Dept.		990,000	9.00
	Investment Corporation of Pakistan		550	0.01
		2	990,550	9.01
3	Directors, CEO and their Spouses and Minor Childern			
	Miss Tara Uzra Dawood		2,750	0.03
	Mr. Anwar A. Sheikh		2,750	0.03
		2	5,500	0.05
4	Public Sector Companies and Corporations	1	447,370	4.07
5	Banks, DFIs, NBFIs, Insurance Companies, Modarabas and Mutual Funds	17	6,089,380	55.36
6	Certificate Holders Holding Ten Percent or More Hodling in the Company			
	First Dawood Investment Bank Limited		3,300,000	30.00
	Guardian Modaraba		1,419,110	12.90
	Asian Development Bank		1,375,000	12.50