



DAWOOD EQUITIES LIMITED

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2018



DAWOOD EQUITIES LIMITED

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DAWOOD EQUITIES LIMITED

CORPORATE OBJECTIVE

Our Vision

Our vision is to be leader of “Brokerage industry” in Pakistan with a passion to endeavor maximum business opportunities. We strive to deliver results and perform to the highest standards

Our Mission

Our mission is to become a competitive, dynamic and growing brokerage house that provides competitive services, identifies investment opportunities and develops research based data and information.



DAWOOD EQUITIES LIMITED

Board of Directors

Mr. Junaid Dada (Chairman)
Abdul Aziz Habib (Chief Executive)
Mr. Khalid Yousuf (Non executive Director)
Mr. Asim Iftekhar Yakoob (Independent Director)
Ms. Rubina Khanum (Independent Director)
Syed Muhammad Abbas (Non executive Director)
Mr. Saifullah

Chief Financial officer & Company Secretary

Mr. Salman Yaqoob

Audit Committee

Mr. Asim Iftekhar Yakoob- Chairman
Mr. Khalid Yousuf
Ms. Rubina Khanum

HR & R Committee

Mr. Asim Iftekhar Yakoob- Chairman
Syed Muhammad Abbas
Abdul Aziz Habib

External Auditor

Haroon Zakaria & Co.

Internal Auditor

Sajid & Co. Chartered Accountants

Legal Advisor

Rauf & Ghaffar Law Associates

Bankers

Bank Al Habib Limited
Habib Metropolitan Bank Limited
Bank Al Falah Limited
United Bank Limited
Albaraka Bank (Pakistan) Limited
MCB Bank Limited
The Bank of Khyber

Website

www.dawoodequities.com

Registered Head Office

17th Floor - Saima Trade Towers A,
I.I. Chindrigar Road, Karachi.
Phone No. 021-32271881-1883
Fax No. 021-32275086

Registered Branch Office

Room 409-410, 4th Floor, KSE Building, New Stock
Exchange Building, Stock Exchange Road, Karachi.
Phone No. 021-32418874, 32460744
Fax No. 021-32418873

Share Registrar

F.D Registrar Services (SMC-Pvt) Ltd
1705 17th Floor, Saima Trade Tower-A,
I.I. Chundrigar Road, Karachi.
Phone No. 021-35478192-93, 32271905
Fax. 021-32621233



DAWOOD EQUITIES LIMITED

Notice of Annual General Meeting (AGM-XIII)

Notice is hereby given that 13TH Annual General Meeting of Dawood Equities Limited will be held at 17th Floor, Saima Trade Towers - A, I. I. Chundrigar Road, Karachi on October 25, 2018 at 8:45 am to transact the following business:

Ordinary Business

1. To confirm the minutes of 12TH Annual General Meeting held on October 28, 2017.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2018 together with Directors' and Auditors' Reports thereon.
3. To approve and declare the dividend on the ordinary shares of the company. The directors has recommended final dividend of 1% i.e. Rs.0.1/- per ordinary share of Rs. 10/- each for the year ended June 30, 2018.
4. To consider the appointment of Auditors for the year ending June 30, 2018/2019 and to fix their remuneration. The Board of Directors have recommended for reappointment of Reanda Haroon Zakaria & Company Chartered Accountants as external auditors.
5. To elect seven directors, as fixed by the Board of directors in accordance with the provision of Section 159 of the Companies Act 2017, for a term of 3 (Three) years commencing from the date of holding AGM i.e. October 25, 2018. The names of retiring directors of the company, also eligible to offer themselves for re-election are as follows:
 - 1) Abdul Aziz Habib
 - 2) Junaid Dada
 - 3) Asim Iftekhar Yaqoob
 - 4) Rubina Khanum
 - 5) Muhammad Abbas Rizvi
 - 6) Muhammad Khalid
 - 7) Saifullah
6. To transact any other Business with the permission of the Chair.

Statement under Section 166(3) of the Companies Act 2017 is annexed to the notice being sent to the members.

By Order of the Board

October 02, 2018

Karachi

Salman Yaqoob
CFO & Company Secretary

Notes:

1. Book Closure Notice

The Share Transfer Books of DEL will be closed from October 16, 2018 to October 25, 2018 (both days inclusive). Transfers received at our registrar office F.D.Registrar Services (SMC-Pvt) Ltd situated at office # 1705, 17th Floor, Saima Trade Tower, I.I.Chundrigar Road, Karachi at the close of business on October 15, 2018 will be treated in time for the purpose of above entitlement to the transferees.

2. Appointment of Proxy and Participation in the AGM

a) A member entitled to attend, speak and vote at the Annual General Meeting is entitled to appoint another member as his/her proxy to attend, speak and vote for his/her behalf. A proxy must be a member of the Company. A proxy shall also have the right to demand and join in demanding a poll and vote on a poll.



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b) The instrument appointing proxy, together with the power of attorney or other authority under which it is signed, as the case may be, or a notorially certified copy of the power or authority, must be deposited at the Registered Office of the Company situated 1700-A, Saima Trade Towers, I. I. Chundrigar Road, Karachi, at least 48 hours before the time of the meeting.

c) Form of Proxy is enclosed. Attested copies of valid CNIC or the passport of the member and the Proxy shall be furnished with the Proxy Form.

d) Owners of the physical shares and of the shares registered in the name of Central Depository Company of Pakistan Ltd. (CDC) and / or their proxies are required to produce their original valid Computerized National Identity Card (CNIC) or Passport, for identification purposes, at the time of attending the meeting.

Submission of Copies of Valid CNICs

Members, who have not yet submitted attested photocopy of their valid CNIC along with folio number, are requested to send the same, at the earliest, directly to the Company's Share Registrar.

4. Changes in Members Addresses

Members are requested to notify any change in their addresses immediately to the Company's Share Registrar.

5. For Election of Directors

Any person who seeks to contest the election of Directors shall file with the Company at its registered office, not later than fourteen (14) days before the above said meeting his/her intention to offer himself/herself for the election of the Directors in terms of Section 159(3) of the Companies Act, 2017 together with:

- I. Consent to act as director under Section 167(1) of the Act on a duly filled and signed FORM-28
- II. Declaration for eligibility to act as director of listed company and awareness of duties and powers of directors under the Companies Act, 2017, Memorandum and Articles of Association of the Company, Rule Book of Pakistan Stock Exchange Limited and the Listed Companies (Code of Corporate Governance) Regulations, 2017 and other relevant laws and regulations.
- III. Declaration of independence in terms of Section 166(2) of the Companies Act, 2017 as required under Listed Companies (Code of Corporate Governance) Regulations, 2017 (applicable only for person filing consent to act as independent director of the Company).
- IV. A detailed profile along with office address for placement on the Company's website
- V. Detail of other directorship and offices held
- VI. Copy of valid CNIC (in case of Pakistan national) / Passport (in case of foreign national), and NTN & Folio No. /CDC Investors Account No./CDC Sub-Account No (applicable for person filing consent for the first time).

6. E-Dividend

The provisions of Section 242 of the Companies Act, 2017 require the listed companies that any dividend payable in cash shall only be paid through electronic mode directly into the bank account designated by the entitled shareholders. Accordingly, the shareholders holding physical shares are requested to provide the Company's Share Registrar, at the address given herein above, electronic dividend mandate on E-Dividend Form provided in the annual report and also available on website of the Company. In the case of shares held in CDC, the same information should be provided to the CDS participants for updating and forwarding to the Company.

7. Deduction of Income Tax under Section 150 of the Income Tax Ordinance, 2001

Pursuant to the Finance Act, 2018, effective July 01, 2018, the rate of deduction of income tax under Section 150 of the Income Tax Ordinance, 2001, from payment of dividend to a NON-FILER of income tax return is prescribed as 20% and for FILER of Tax Returns as 15%. List of Filers is available at Federal Board of Revenue's (FBR) website: <http://www.fbr.gov.pk>. Members are therefore advised to update their tax FILER status Latest by October 15, 2018.



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Further, according to clarification received from Federal Board of Revenue (FBR), with-holding tax will be determined separately on 'Filer/Non-Filer' status of Principal shareholder as well as joint-holder(s) based on their shareholding proportions, in case of joint accounts.

In this regard all shareholders who hold shares jointly are requested to provide shareholding proportions of Principal shareholder and Joint-holder(s) in respect of shares held by them to our Share Registrar by the close of business (5:00 p.m.) on October 15, 2018; otherwise it will be assumed that the shares are equally held by Principal shareholder and Joint Holder(s).

The corporate shareholders having CDC accounts are required to have their National Tax Number (NTN) updated with their respective participants, whereas corporate physical shareholders should send a copy of their NTN certificate to the company or Share Registrar. The shareholders while sending NTN or NTN certificates, as the case may be, must quote company name and their respective folio numbers.

The information received within the above specified time would enable the Company to deduct income tax at the applicable rates from the payment of dividend if announced by the Company on October 25, 2018.

Members seeking exemption from deduction of income tax or deduction at a reduced rate under the relevant provisions of the Income Tax Ordinance, 2001, are requested to submit a valid tax certificate or necessary documentary evidence, as the case may be, latest by October 15, 2018.

For any query/problem/information, the investors may contact the company at info@dawoodequities.com and/or the Share Registrar at fdregistrar@yahoo.com.

8. Unclaimed Dividend/Shares

Shareholders, who by any reason, could not claim their dividend/shares, if any, are advised to contact our Share Registrar to collect / enquire about their unclaimed dividend/shares, if any.

In compliance with Section 244 of the Companies Act, 2017, after having completed the stipulated procedure, all such dividend outstanding for a period of 3 years or more from the date due and payable shall be deposited to the Federal Government in case of unclaimed dividend and in case of shares, shall be delivered to the SECP.

9. Postal Ballot/E-Voting

In accordance with the Companies (Postal Ballot) Regulations, 2018, for the purpose of election of directors and for any other agenda item subject to the requirements of section 143 and 144 of the Companies Act, 2017, members will be allowed to exercise their right of vote through postal ballot i.e. by post or e-voting, in the manner and subject to conditions contained in aforesaid regulations.

10. Video-link Facility

If the members holding ten percent of the total paid up capital or such other percentage of the paid up capital as may be specified by the Commission, are resident in any other city, the company shall provide the facility of video-link to such members for attending annual general meeting of the company, if so required by such members in writing to the company at least seven days (7) before the date of the meeting.

11. Availability of Financial Statements and Reports on the Website:

The Annual Report of the Company for the year ended June 30, 2018 has been placed on the Company's website at the given link: <http://www.dawoodequities.com/financials.php>

12. Electronic Transmission of Financial Statements and Notice of Meeting

Members who desire to receive annual financial statements and notice of meeting for the financial year ending June 30, 2019 or onward through e-mail, instead of registered post/courier, may submit their consent on the FORM available for the purpose on Company's website.



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STATEMENT UNDER SECTION 166 (3) OF THE COMPANIES ACT, 2017

This statement set out justification required concerning Agenda Item No, 5 (Election of Directors) to be transacted at the 13th Annual General Meeting.

AGENDA ITEM NO.5

ELECTION OF DIRECTORS

In terms of Section 153 (1) of the Companies Act, 2017, the directors, through resolution by circulation dated September 17, 2018, have fixed the number of elected directors at Seven (7) to be elected at the Annual General Meeting ("AGM") for a period of three years.

Independent directors, required on the Board in terms of Regulation 6(1) of the Listed Companies (Code of Corporate Governance) Regulations, 2017, shall be elected through the process of election of directors in terms of section 159 of the Companies Act, 2017 and Articles of Association of the Company.

As regards the justification for choosing independent directors in terms of Section 166(3) of the Act, the candidates for independent director should be eligible for election as director of the listed company and meet the criteria of independence laid down under section 166(2) of the Companies Act,2017.



DAWOOD EQUITIES LIMITED

REVIEW REPORT BY THE CHAIRMAN ON THE OVERALL PERFORMANCE OF BOARD AND EFFECTIVENESS OF THE ROLE PLAYED BY THE BOARD IN ACHIEVING THE COMPANY'S OBJECTIVES:

The Board of Directors (the Board) of Dawood Equities Limited (DEL) has performed their duties diligently in upholding the best interest of shareholders' of the Company and has managed the affairs of the Company in an effective and efficient manner. The Board has exercised its powers and has performed its duties as stated in the Companies Act 2017 (previously Companies Ordinance 1984) and the Code of Corporate Governance (the Code) contained in the Rule Book of the Pakistan Stock Exchange (the Rule Book) where the Company is listed.

The Board during the year ended 30 June 2018 played an effective role in managing the affairs of the Company and achieving its objectives in the following manner;

- The Board has ensured that there is adequate representation of non-executive and independent directors on the Board and its committees as required under the Code and that members of the Board and its respective committees has adequate skill experience and knowledge to manage the affairs of the Company;
- The Board has formed an Audit and Human Resource and Remuneration Committee and has approved their respective terms of references and has assigned adequate resources so that the committees perform their responsibilities diligently;
- The Board has developed and put in place the rigorous mechanism for an annual evaluation of its own performance and that of its committees and individual directors. The findings of the annual evaluation are assessed and re-evaluated by the Board periodically;
- The Board has ensured that the directors are provided with orientation courses to enable them to perform their duties in an effective manner and that the four directors on the Board have already taken certification under the Directors Training Program and the remaining directors meet the qualification and experience criteria of the Code;
- The Board has ensured that the meetings of the Board and that of its committee were held with the requisite quorum, all the decision making were taken through Board resolution and that the minutes of all the meetings (including committees) are appropriately recorded and maintained;
- The Board has developed a code of conduct setting forth the professional standards and corporate values adhered through the Company and have developed significant policies for smooth functioning;
- The Board has actively participated in strategic planning process enterprise risk management system, policy development, and financial structure, monitoring and approval;
- All the significant issues throughout the year were presented before the Board or its committees to strengthen and formalize the corporate decision making process and particularly all the related party transactions executed by the Company were approved by the Board on the recommendation of the Audit Committee;
- The Board has ensured that the adequate system of internal control is in place and its regular assessment through self-assessment mechanism and /or internal audit activities;
- The Board has prepared and approved the director's report and has ensured that the directors' report is published with the quarterly and annual financial statement of the Company and the content of the directors' report are in accordance with the requirement of applicable laws and regulations;
- The Board has ensured the hiring, evaluation and compensation of the Chief Executive and other key executives including Chief Financial Officer, Company Secretary, and Head of Internal Audit;



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- The Board has ensured that adequate information is shared among its members in a timely manner and the Board members are kept abreast of developments between meetings; and
- The Board has exercised its powers in light of the power assigned to the Board in accordance with the relevant laws and regulation applicable on the Company and the Board has always prioritized the Compliance with all the applicable laws and regulation in terms of their conduct as directors and exercising their powers and decision making.

The evaluation of the Board's performance is assessed based on those key areas where the Board requires clarity in order to provide high level oversight, including the strategic process; key business drivers and performing milestones the global economic environment and competitive context in which the Company operates; the risk faced by the Company's business; Board dynamics; capability and information flows. Based on the aforementioned, it can reasonably be stated that the Board of DEL has played a key role in ensuring that the Company objectives are not only achieved, but also exceeded expectations through a joint effort with the management team and guidance and oversight by the Board and its members.

Junaid Dada

Chairman

September 26, 2018

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders of Dawood Equities Limited (DEL)

On the behalf of Board of Directors of Dawood Equities Limited, it gives me immense pleasure to present the Annual Report of the company for the year ended June 30, 2018 together with Audited Financial Statements for the year and the Auditor's Report thereon in accordance with the accounting, regulatory and legal standards and requirements.

ECONOMIC & BUSINESS ENVIRONMENT

The Fiscal Year 2018 witnessed heightened political uncertainty that continued till the end of FY18 in the run up to the elections. The economic environment which benefitted from initiatives such as CPEC (China Pakistan Economic Corridor) resulted in a 12-year high GDP growth of 5.8% for FY18 compared with 5.3% for FY17. This, however, was overshadowed by weakness in the external sector due to resurgence of twin deficits of current and fiscal accounts. The foreign exchange reserves held by State Bank of Pakistan (SBP) declined from USD 14.6 billion to USD 9.8 billion, Consequently, the PKR exchange rate against USD depreciated by 16% YoY holding out at PKR 121.5/USD against PKR104.8/USD in FY17. The weakness in Balance of Payments was driven by rising Current Account Deficit which grew by 43% YoY to reach USD 18 billion compared to USD 12.6 billion last year. The reason being the higher trade deficit (up by 16% YoY to reach USD 37.6 billion) driven by rising imports (+15% YoY to reach USD 60.8 billion) which dwarfed growing exports (+14% YoY to reach USD 23.2 billion).

STOCK MARKET REVIEW

KSE-100 index has undergone 10% YoY correction during FY18 to close at 41,911 points after consecutive 8 years of positive performance since FY10. The benchmark index realized a high of 47,084 points and also witnessed a low of 37,919 points (reflecting an erosion of 9,165 points (-19%)). Since Pakistan's upgrade to Emerging Market status in MSCI, May 2017, foreign outflows paced significantly. The dismal performance is mainly attributed to 1) Weakness in Balance of Payment and mounting Current Account Deficit (increased from USD 12.6 billion to USD 18 billion (+16% YoY)) 2) Political uncertainty during the year in the wake of Panama Papers and General Elections 3) Foreign outflows 4) Rupee devaluation.

FINANCIAL PERFORMANCE

The Company earned core operating revenue of Rs.33.17 million as compare to Rs.32.29 million in last year. During the year under review, your Company's year - end profit after tax was PKR 8.34 million translates to earnings of PKR 0.33 per share. The equity of the Company as at the balance sheet date is PKR 253.52 million which translates into book value per share of PKR 10.14.

The summary of Financial Results is as follows:

	June 30, 2018 Rupees	June 30, 2017 Rupees
Net Revenue	33,178,199	32,293,531
Profit after tax	8,343,753	10,969,920
Earnings per share basic and diluted	0.33	0.44
Book Value per share	10.14	10.29

STATEMENT OF COMPLIANCE

Your company has implemented provisions of the Code of Corporate Governance, since listing at Pakistan Stock Exchange Limited. The external auditors has reviewed our report on the statement of compliance with the Code of Corporate Governance, there review report is annexed with this report.

STATEMENT OF CODE OF CONDUCT

The Board of Directors of Dawood Equities Limited has adopted the required Statement of Code of Conduct.

POST BALANCE SHEET DATE EVENT / DIVIDEND

The Board of Directors in its meeting held on September 26, 2018 has proposed a final cash dividend @ PKR 0.1 per share i.e., 1% for the year ended June 30, 2018 for approval of the members at the Annual General Meeting to be held on October 25, 2018. The financial statements do not reflect this proposed dividend.

TRANSACTION WITH CONNECTED PERSONS / RELATED PARTIES

All transactions between your company and connected person/related parties are carried at an arm's length basis except for those transactions whose justification has been recorded.

HUMAN RESOURCE & REMUNERATION COMMITTEE

In compliance with the Code of Corporate Governance the Board of Directors has constituted a Human Resource & Remuneration Committee (HR&R Committee) whose members consist of three Directors appointed by the Board of Directors.

AUDIT COMMITTEE

The Audit Committee was constituted by the Board under the requirement of the Code of Corporate Governance. It comprises three independent directors appointed by the Board of Directors. During the year the Audit Committee reconstituted after the election of directors.

INTERNAL CONTROL AND AUDIT FUNCTION

The Board is responsible for effective implementation of a sound internal control system including compliance with control procedures. Audit Committee has outsourced Internal Audit Function, for wider functions and role identified as below:

- Review compliance with responsible for monitoring compliance with Relevant International Accounting Standards, as applicable in Pakistan and compliance of the policies and procedures framed by the Board.
- Review accounting and internal control system
- Review the economy, efficiency and effectiveness of operations (Value for Money Audits / VFM Audits)
- Examining financial and operational information.
- Assisting with the identification of significant risks.

Dedicated Internal Audit helps to accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes. It is a control which functions by examining and evaluating the adequacy and effectiveness of other controls.

COMPLIANCE WITH THE BEST PRACTICE OF THE CODE OF CORPORATE GOVERNANCE:

Your Company has implemented provisions of the code of corporate governance relevant for the year ended June 30, 2018. The external auditors review report on the statement of compliance with the code of corporate governance is annexed with this report. As per directives of SECP/Pakistan Stock Exchange, the Directors hereby confirm the following code of good governance and ethical business practices required by relevant clause(s) of the Code:



DAWOOD EQUITIES LIMITED

- a. Proper books of accounts of the Company have been maintained.
- b. The financial statements, present its fairly state of affairs, the results of its operations and cash flows and changes in equity.
- c. Appropriate accounting policies have been consistently applied in preparation of financial statements and any changes in accounting policies have been disclosed in the financial statements. The accounting estimates, wherever required are based on reasonable and prudent judgment.
- d. International Accounting Standards, as applicable in Pakistan, have been followed in preparation of financial statements any departure there-form has been adequately disclosed and explained.
- e. The system of internal controls is sound in design and has been effectively implemented and monitored.
- f. There are no significant doubts upon the Company's ability to continue as a going concern.
- g. There has been no material departure from the best practices of corporate governance.
- h. The Directors, Chief Executive Officer, CFO and Company Secretary, their spouses and minor children have not traded in the shares of the Company.
- i. The Company has on account of statutory payment of taxes, duties, levies and charges has no outstanding
- j. liability as at the balance sheet date;
- k. There are no transactions entered into by the company during the year which are fraudulent, illegal or in violation of any securities market laws;
- l. Value of DEL Employees Provident Fund is Rs.2,428,139/- as at June 30, 2018. The Company has no outstanding liability as at the year-end as the Provident Fund is managed by a separate trust.

EMPHASIS OF MATTER PARAGRAPH IN AUDITORS' REPORT

We further draw attention of the users of the financial statements to the note 11.1 of the financial statements relating to deferred tax assets based on business projection for five years devised by the company. The plan involve certain key assumptions underlying the estimation of future taxable profits of the company which would then be utilized to sett-off the deferred tax assets.

CORPORATE AND SECRETARIAL COMPLIANCE

The Company Secretary has furnished a Secretarial Compliance Certificate as part of the annual return filed with the registrar of Companies to certify that the secretarial and corporate requirements of the Companies Ordinance, 1984, Memorandum and Articles of Association of the Company and the listing regulations have been duly complied with.

PATTERN OF SHARE HOLDING

The detailed pattern of shareholding and categories of shareholders of the Company as at June 30, 2018, as required under the listing regulations, has been appended to the Annual Report.

CHANGES IN THE BOARD

During the year under review, no changes were made in the Board of Directors.



DAWOOD EQUITIES LIMITED

TRADING IN SHARES OF THE COMPANY BY DIRECTORS AND EXECUTIVES

During the year no trades in the shares of the Company were carried out by the Directors, CEO, CFO & Company Secretary and their spouses and minor children.

BOARD MEETING & AUDIT COMMITTEE MEETING

During the year under review, four meetings of the Board of Directors and four meetings of the Audit Committee were held. The attendance of the Board and Audit Committee members was as follows:

Name of Directors	Board Meeting	Audit Committee Meeting
Mr. Abdul Aziz Habib	4	N/A
Mr. Junaid Zakaria Dada	4	N/A
Mr. Asim Iftekhhar	4	4
Ms. Rubina Khannum	4	4
Mr. Saifullah	4	N/A
Mr. Muhammad Abbas	4	N/A
Mr. Muhammad Khalid	4	4

AUDITORS

Haroon Zakaria & Company, Chartered Accountants, have completed their assignment and retired. Being eligible, they offered themselves for reappointment, based on the recommendation of the Audit Committee; the Board further recommends the reappointment of Haroon Zakaria & Company Chartered Accountants as Dawood Equities Limited auditors for the financial year ending on June 30, 2018.

FUTURE OUTLOOK

We are targeting to generate better volumes from our existing clients. The company's focus in the near future will be to further enhance the market share of its brokerage business through expanded branch network and higher sales volume through online trading.

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi: September 26, 2018



DAWOOD EQUITIES LIMITED

ڈاؤڈا کیگزری رپورٹ

داؤڈا کیگزری لمیٹڈ (DEL) کے مختصر مہرص داران

داؤڈا کیگزری لمیٹڈ کے بورڈ آف ڈائریکٹرز کی جانب سے 30 جون 2018 کو ختم ہونے والے سال کے لئے کمپنی کی سالانہ رپورٹ معرسل کے لئے نظر ثانی شدہ مالیاتی گوشوارے اور اکاؤنٹنگ ریکوریڈری اور قانونی معیاریات اور ضروریات کے مطابق ان پر آڈیٹرز کی رپورٹ پیش کرتے ہوئے مجھے انتہائی خوشی ہو رہی ہے۔

اقتصادی اور کاروباری ماحول

مالی سال 2018 میں سیاسی غیر یقینی صورت حال بہت زیادہ بڑھ گئی جو حالیہ انتخابات میں FY18 کے اختتام تک جاری رہی۔ اقتصادی ماحول جسے سیک (چین پاکستان اقتصادی راہداری جیسے منصوبوں سے فائدہ ہوا نتیجتاً FY17 کے لئے 5.3% کے مقابلے میں FY18 میں 5.8% کی جی ڈی پی نمو جو گزشتہ 12 سالوں کی شرح میں سب سے زیادہ تھی۔ تاہم، کرنٹ اور مالی اکاؤنٹس دو گنا خسارے کی وجہ سے، اس پر بیرونی کیکٹر میں کمی کا سایہ تھا۔ اسٹیٹ بینک آف پاکستان (ایس بی پی) کے منگلیٹی غیر ملکی کرنسی کے ذخائر 14.6 بلین امریکی ڈالر سے کم ہو کر 9.8 بلین ڈالر تک ہو گئے، اس کے نتیجے میں، امریکی ڈالر کے برعکس پاکستانی روپیہ کے تبادلے کی شرح 16 فیصد سالانہ کمی سے FY 17 میں 104/USD/ PKR کے برعکس 121.5/USD/ PKR پر ہے۔ ادا کیگیوں کے بیلینس میں کمی کرنٹ اکاؤنٹ خسارہ بڑھ جانے کی وجہ سے ہوئی ہے جو 43% سالانہ تک بڑھنے سے گزشتہ سال میں 12.6 بلین امریکی ڈالر کے مقابلے میں موجودہ سال میں 18 بلین امریکی ڈالر تک پہنچ گیا ہے۔ تجارتی خسارہ (16% اضافہ کے ساتھ 37.6 بلین امریکی ڈالر تک) میں اضافہ ہونے کی وجہ درآمدات میں اضافہ (15% سالانہ کے ساتھ 60.8 بلین امریکی ڈالر تک) ہے جس کے موازنہ میں برآمدات میں اضافہ (14% سالانہ کے ساتھ 23.2 بلین امریکی ڈالر) ہے۔

اسٹاک مارکیٹنگ کا جائزہ

FY18 کے دوران کے ایس ای-100 انڈیکس 10% سالانہ اصلاحات کے نتیجے میں FY10 سے مسلسل 8 سال کی مثبت کارکردگی کے بعد 41,911 پوائنٹس پر ختم ہوا۔ بیچ مارک انڈیکس 47,084 پوائنٹس کی بلند ترین سطح پر پہنچا اور 37,919 پوائنٹس (9,165 پوائنٹس (-19%) کی کمی کی بھی عکاسی کی۔ چونکہ سنی 2017 میں ایم ایس سی آئی میں پاکستان کی اپ گریڈ ایئر جنگ مارکیٹ حیثیت نے غیر ملکی آؤٹ فلوی رفتار کو نمایاں طور پر بڑھا دیا۔ ناقص کارکردگی بنیادی طور پر منسوب ہے (1) ادائیگی کے توازن میں کمی اور کرنٹ اکاؤنٹ خسارہ میں اضافہ (12.6 بلین ڈالر سے بڑھ کر 18 بلین ڈالر تک (+16% سالانہ)) (2) پانامہ بیجری ڈی جنرا اور عام انتخاب میں سال کے دوران سیاسی بے یقینی۔ (3) غیر ملکی آؤٹ فلوز (4) روپیہ کی قدر میں کمی۔

مالیاتی کارکردگی

کمپنی نے گزشتہ سال میں 32.29 بلین روپے کے مقابلے میں 33.17 بلین روپے کی بنیادی آپریٹنگ آمدنی کمائی۔ زیر جائزہ سال کے دوران، آپ کی کمپنی کے سال کے اختتام پر ٹیکس کے بعد منافع 8.34 بلین روپے ہوا، جس کے نتیجے میں فی حصص آمدنی 0.33 فی صد حاصل ہوئی۔ بیلینس شیٹ کی تاریخ کے مطابق کمپنی کی ایکویٹی 253.52 بلین روپے ہے جس سے بک ویلیو فی شیئر 10.14 روپے بنتی ہے۔

مالیاتی نتائج کا خلاصہ حسب ذیل ہے:

30 جون 2017 روپے	30 جون 2018 روپے	
32,293,531	33,178,199	خالص آمدنی
10,969,920	8,343,753	ٹیکس کے بعد منافع
0.44	0.33	فی شیئر آمدنی بنیادی اور معتدل
10.29	10.14	بک ویلیو فی شیئر

تعمیل کا بیان

آپ کی کمپنی نے پاکستان اسٹاک ایکسچینج لمیٹڈ میں اندراج سے کوڈ آف کارپوریٹ گورننس کی دفعات پر عمل کیا ہے۔ ایکسٹرنل آڈیٹرز نے کوڈ آف کارپوریٹ گورننس کی تعمیل کے بیان پر ہماری رپورٹ کا جائزہ لیا ہے، جائزہ رپورٹ، رپورٹ ہذا کے ہمراہ منسلک کی گئی ہے۔

ضابطہء اخلاق کا بیان

داؤد ایکویٹیز لمیٹڈ کے بورڈ آف ڈائریکٹرز نے مطلوبہ ضابطہء اخلاق پر عمل کیا ہے۔

بعد از تالیس شیٹ واقعات اڈیٹیو ریٹ

بورڈ آف ڈائریکٹرز نے 26 ستمبر 2018 کو منعقدہ اپنے اجلاس میں 30 جون 2018 کو ختم ہونے والے سال کے لئے حتمی نقد منافع منقسمہ بشرح 0.1 روپے فی شیئر یعنی 1 فیصد 25 اکتوبر 2018 کو منعقد ہونے والے سالانہ اجلاس عام میں ارکان کی منظوری کے لئے تجویز کیا ہے۔ مالیاتی حسابات اس مجوزہ اڈیٹیو ریٹ کی عکاسی نہیں کرتے ہیں۔

منسلک اشخاص / متعلقہ پارٹینوں کے ساتھ لین دین

آپ کی کمپنی اور منسلک اشخاص / متعلقہ پارٹینوں کے درمیان تمام لین دین قابل رسائی بنیاد پر کئے گئے سوائے ان لین دین کے جن کی حسبتگلیشن درج کی گئی ہے۔ ہیومن ریسورس اینڈ ریٹائرمنٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی تعمیل میں بورڈ آف ڈائریکٹرز نے ایک ہیومن ریسورس اینڈ ریٹائرمنٹ کمیٹی (HR&R کمیٹی) تشکیل دی ہے جس کے ارکان بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ تین ڈائریکٹرز پر مشتمل ہے۔

آڈٹ کمیٹی

کوڈ آف کارپوریٹ گورننس کی ضروریات کے تحت بورڈ کی طرف سے آڈٹ کمیٹی تشکیل دی گئی ہے۔ یہ بورڈ آف ڈائریکٹرز کی طرف سے مقرر کردہ تین ڈائریکٹرز پر مشتمل ہے۔ سال کے دوران ڈائریکٹرز کے انتخاب کے بعد آڈٹ کمیٹی دوبارہ تشکیل دی گئی ہے۔

داخلی کنٹرول اور آڈٹ فنکشن

بورڈ مستحکم داخلی کنٹرول سسٹم بشمول کنٹرول کے طریقوں کی تعمیل کے موثر عملدرآمد کا ذمہ دار ہے۔ آڈٹ کمیٹی نے وسیع تر افعال اور کردار کی شناخت کے لئے بیرونی رائلٹ سے داخلی آڈٹ فنکشن حاصل کیا ہے جس کے کام حسب ذیل ہیں:

- پاکستان میں لاگو اور بورڈ کی طرف سے تیار کردہ پالیسیوں اور طریقوں کے مطابق متعلقہ بین الاقوامی اکاؤنٹنگ معیارات کی مطابقت میں نگرانی کے لئے ذمہ داری کے ساتھ تعمیل کا جائزہ۔
- اکاؤنٹنگ اور داخلی کنٹرول سسٹم کا جائزہ۔
- معیشت، آپریٹنگ (منشی آڈٹ کی ویلیو VFM/آڈٹ) کی صلاحیت اور تاثرات کا جائزہ
- مالی اور آپریٹنگ معلومات کی جانچ پڑتال۔
- اہم خطرات کی شناخت میں معاونت۔

وقت داخلی آڈٹ رسک مینجمنٹ، کنٹرول، اور نگرانی کے طریقوں کی تشخیص اور تاثرات کو بہتر بنانے کے لئے ایک منظم، مضبوط نقطہ نظر پانے کے ذریعے اپنے مقاصد کو پورا کرنے میں مدد کرتا ہے۔ یہ ایک ایسا کنٹرول ہے جو دوسرے کنٹرولز کی مناسب اور موثر انداز کی جانچ اور تشخیص کرتا ہے۔



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کوڈ آف کارپورٹ گورننس کے بہترین طریقوں کی تعمیل

آپ کی کمپنی نے 30 جون 2018 کو ختم ہونے والے سال کے لئے متعلقہ کوڈ آف کارپورٹ گورننس کی دفعات پر عمل کیا ہے۔ کوڈ آف کارپورٹ گورننس کی تعمیل کے بیان پرائیکٹشل آڈیٹرز کی جائزہ رپورٹ، رپورٹ ہذا کے ہمراہ منسلک کی گئی ہے۔ SECP/پاکستان انسٹیکشن کی ہدایات کے مطابق، ڈائریکٹرز درج ذیل کوڈ آف کارپورٹ گورننس اور کوڈ کی متعلقہ شقوں کے تحت درکار کاروباری اخلاقیات کے طریقوں کی توثیق کرتے ہیں کہ:

- کمپنی کے حکایت جات بالکل صحیح طور سے بنائے گئے ہیں۔
- مالیاتی حسابات، اس کے امور، آپریٹنگز کے نتائج، نقدی بہاؤ اور ایکویٹی میں تبدیلیوں کو منصفانہ طور پر ظاہر کرتے ہیں۔
- مالی حسابات کی تیاری میں مناسب اکاؤنٹنگ پالیسیوں کو تسلسل کے ساتھ لاگو کیا گیا ہے اور اکاؤنٹنگ پالیسیوں میں کسی تبدیلیوں کا مالی حسابت میں آشکار کیا گیا ہے۔ اکاؤنٹنگ کے تخمینہ جات مناسب اور دانشمندانہ فیصلوں پر مبنی ہیں۔
- مالی حسابات کی تیاری میں پاکستان میں لاگو بین الاقوامی مالیاتی رپورٹنگ کے معیارات کی پیروی کی گئی ہے اور کسی انحراف کا واضح انکشاف اور وضاحت کی گئی ہے۔
- اندرونی کنٹرول کے نظام کا ڈیزائن مضبوط ہے اور اسکی موثر طریقے سے عملدرآمد اور نگرانی کی جاتی ہے۔
- کمپنی کے گورننگ کنسرن ہونے کی صلاحیت پر کوئی قابل ذکر شکوک و شبہات نہیں ہیں۔
- کارپورٹ گورننس کے بہترین عمل سے کوئی مادی انحراف نہیں کیا گیا ہے۔
- کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، ایف او اور کمپنی سیکرٹری، ان کے زوج اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے۔
- بیلنس شیٹ کی تاریخ تک کمپنی کے ذمہ دیکسٹر، ڈیوٹی، لیویر، اور چارجز کی مد میں کوئی قانونی ادائیگی بقایا واجبات نہیں ہے۔
- سال کے دوران کمپنی کی طرف سے کوئی ٹرانزیکشن نہیں گئی جو دھوکہ دہی، غیر قانونی یا کسی سیکورٹیز مارکیٹ قوانین کی خلاف ورزی ہو۔
- 30 جون 2018 کے مطابق DEL کا نیپالاز پراویڈنٹ فنڈ کی ویلیو -/2,428,131 روپے ہے۔ سال کے اختتام پر کمپنی کے ذمہ کوئی بقایا واجبات نہیں ہیں کیونکہ پراویڈنٹ فنڈ ایک الگ ٹرسٹ کے زیر انتظام ہے۔

آڈیٹرز کی رپورٹ میں جس معاملہ کے پیرا گراف پر زور دیا گیا ہم مزید مالیاتی حسابات کے صارفین کی توجہ کمپنی کی طرف سے وضع کردہ پانچ سالوں کے بزنس پریوڈیشن پر مبنی تاخیری ٹیکس اثاثوں سے متعلقہ مالی حسابات کے نوٹ 11.1 پر دلاتے ہیں۔ اس منسو میں کچھ کلیدی مفادات شامل ہیں جو کمپنی کے مستقبل کے قابل ٹیکس منافع کا تخمینہ کرتے ہیں جو بعد میں تاخیری ٹیکس اثاثوں کی ادائیگی کے لئے استعمال کیا جائے گا۔

کارپورٹ اور سیکریٹریل تعمیل

کمپنی سیکرٹری سیکرٹریز جیٹیز ریسرچ کے ہاں داخل کردہ سالانہ ریزن کا ایک حصہ کے طور پر ایک سیکریٹریل کمپلائنس سرٹیفکیٹ جمع کرایا ہے جو اس بات کی توثیق ہے کہ کمپنی نے 1984ء کی کمپنی کے میمورنڈم اینڈ آرٹیکلز آف ایسوسی ایشن اور فہرستی قواعد و ضوابط کی سیکریٹریل اور کارپورٹ ضروریات کے مطابق باقاعدہ عمل کیا گیا ہے۔

شیریز ہولڈنگ کا نمونہ

فہرستی قواعد و ضوابط کے تحت درکار، 30 جون 2018 کے مطابق کمپنی کے شیریز ہولڈنگ کا تفصیلی نمونہ اور شیریز ہولڈرز کی کیلنگ بڑ سالانہ رپورٹ سے منسلک کی گئی ہیں۔

ڈائریکٹرز اور ایگزیکٹوز کی طرف سے کمپنی کے حصص میں تجارت

سال کے دوران کسی ڈائریکٹر، چیف ایگزیکٹو آفیسر، ایف او اور کمپنی سیکرٹری، ان کے زوج اور نابالغ بچوں کی طرف سے کمپنی کے حصص میں کوئی تجارت نہیں کی گئی ہے۔



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بورڈ اور آڈٹ کمیٹی کے اجلاس

سال کے دوران، بورڈ آف ڈائریکٹرز کے چار اجلاس اور آڈٹ کمیٹی کے چار اجلاس منعقد ہوئے۔ بورڈ اور آڈٹ کمیٹی کے ارکان کی حاضری حسب ذیل ہے:


نام ڈائریکٹر	بورڈ اجلاس	آڈٹ کمیٹی اجلاس
جناب عبدالعزیز حبیب	4	کوئی نہیں
جناب جنید زکریا دادا	4	کوئی نہیں
جناب عاصم افتخار	4	4
محترمہ مدینہ خانم	4	4
جناب سیف اللہ	4	کوئی نہیں
جناب محمد عباس	4	کوئی نہیں
جناب محمد خالد	4	4

آڈیٹرز

موجودہ آڈیٹرز مینسز ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس، نے اپنی اسٹیمٹ مکمل کر لی ہے اور ریٹائر ہو گئے ہیں۔ اہلیت کی بنیاد پر، وہ خود کو دوبارہ تقرری کے لئے پیش کرتے ہیں، آڈٹ کمیٹی کی سفارشات پر، بورڈ نے مزید 30 جون 2019 کو ختم ہونے والے مالی سال کے لئے داؤدا کیوٹیور لمیٹڈ کے آڈیٹرز کی حیثیت سے ہارون زکریا اینڈ کمپنی، چارٹرڈ اکاؤنٹنٹس کی دوبارہ تقرری کی منظوری دے دی ہے۔

مستقبل کا نقطہ نظر

ہمارا ہدف اپنے موجودہ کلائنٹس سے بہتر حجم پیدا کرنا ہے۔ مستقبل قریب میں کمیٹی کی توجہ آن لائن تجارت کے ذریعے زیادہ فروخت، حجم اور وسیع براؤنچ میٹ ورک کے ذریعے اپنے بروکر تاج کاروبار کے مارکیٹ شیئر کو مزید بڑھانے پر مرکوز ہوگی۔


عبدالعزیز حبیب
چیف ایگزیکٹو آفیسر


جنید ڈاڈا
چیرمین

کراچی 26 ستمبر 2018ء



DAWOOD EQUITIES LIMITED

Pattern Of Share Holding - Form "34"
Shareholders Statistics As At June 30, 2018

Number Of Share Holders	Share Holding			Total Shares Held
	From		To	
94	1	-	100	1,564
2122	101	-	500	1,057,083
288	501	-	1000	284,000
341	1001	-	5000	879,450
87	5001	-	10000	670,132
23	10001	-	15000	300,526
9	15001	-	20000	165,567
16	20001	-	25000	368,817
4	25001	-	30000	110,600
6	30001	-	35000	199,278
8	35001	-	40000	301,500
4	40001	-	45000	170,401
5	45001	-	50000	241,751
2	50001	-	55000	105,500
1	55001	-	60000	58,000
1	60001	-	65000	61,000
1	65001	-	70000	70,000
2	70001	-	75000	150,000
1	75001	-	80000	80,000
1	80001	-	85000	84,000
2	85001	-	90000	172,830
3	90001	-	95000	278,090
5	95001	-	100000	496,846
1	120001	-	125000	123,500
1	155001	-	160000	158,350
1	170001	-	175000	174,500
1	195001	-	200000	200,000
1	220001	-	225000	220,933
2	225001	-	230000	460,000
1	230001	-	235000	230,600
1	245001	-	250000	250,000
1	250001	-	255000	252,000
1	350001	-	355000	350,300
1	485001	-	490000	490,000
1	595001	-	600000	600,000
1	850001	-	855000	851,751
1	975001	-	980000	979,500
1	1095001	-	1100000	1,099,500
1	1125001	-	1130000	1,129,700
1	1795001	-	1800000	1,800,000
1	2510001	-	2515000	2,513,000
1	3145001	-	3150000	3,150,000
1	3655001	-	3660000	3,659,431
3,047				25,000,000



DAWOOD EQUITIES LIMITED

**Details of Pattern of Share holding as Per requirements of
Code of Corporate Governance as on June 30, 2018**

S. No.	Categories of Shareholders	Number of Shareholders	Number of Shares held	Category wise No. of Shares	%
1	Associated Companies		Nil		
2	NIT / ICP		Nil		
3	Names of Directors, CEO their Spouses and Minor Children	7		2,602	0.01
	Mrs. Rubina Khanum		1,000		
	Mr. Asim Ifkikhar		500		
	Mr. Aziz Habib		1		
	Mr. Junaid Zakaria Dada		1		
	Mr. Khalid Yousuf		599		
	Mr. Muhammad Abbas		500		
	Mr. Saifullah		1		
4	Executive		Nil		
5	Public Sector Companies & Corporations	1		1,647	0.01
6	Banks, DFIs, NBFIs, Modarabas, Insurance Companies, Mutual Funds & Others	17		8,914,030	35.66
7	Individuals	3,022		16,081,721	64.33
			3,047	25,000,000	100.00

Shareholders holding Shares 5% or more

Total Paid up Capital	25,000,000	Shares Holding	%
Ayaz Dawood		4,822,131	19.29
The Bank Of Khyber		3,750,000	15.00
Asim Abdul Ghani		2,513,000	10.05
B.R.R. Guardian Modaraba		1,800,000	7.20
Equity International (pvt) Ltd		1,349,500	5.40



DAWOOD EQUITIES LIMITED

FINANCIAL HIGHLIGHTS

Financial Year ending June30,	2018	2017	2016	2015	2014	2013
Operating Results						
Operating Revenue	33,178,199	32,293,531	20,677,611	17,716,575	13,567,521	7,723,326
Capital Gain/(Loss) on disposal investment-net	3,176,766	51,347,532	(408,188)	2,936,657	347,496	1,757,630
Gain/(Loss) on remeasurement of investments carried at fair value of through profit and loss.	260,764	(1,553,406)	176,344	(568,478)	53,137	2,426,430
Administrative Expenses	(16,850,446)	(15,690,135)	(12,559,714)	(10,367,520)	(10,017,906)	(7,222,355)
Financial Charges	(776,373)	(102,712)	(57,897)	(64,227)	(74,871)	(54,591)
Other Operating Income	1,487,032	2,609,555	1,504,079	4,210,716	9,091,369	569,110
Other Operating Charges	(3,495,130)	(73,382,574)	(9,830,310)	(563,850)	(971,832)	(214,282)
Profit/(Loss) before taxation	16,980,812	(4,478,209)	(498,075)	13,299,873	11,994,914	4,985,266
Taxation	(8,637,059)	15,448,129	1,502,948	33,319,263	(1,064,585)	(103,799)
Profit/(Loss) after taxation	8,343,753	10,969,920	1,004,873	46,619,136	10,930,329	4,881,469
EPS	0.33	0.44	0.04	1.87	0.44	0.20
Pay outs						
Dividend						
Bonus%						
Capital & Reserve						
Authorised Share Capital	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000	300,000,000
Issued, subscribed and paid-up Capital	249,965,000	249,965,000	249,965,000	249,965,000	249,965,000	249,965,000
Reserves	3,564,484	7,277,424	(26,415,915)	(27,228,434)	(74,208,234)	(88,876,211)
Share Application Money						
Assets & Liabilities						
Total Assets	303,795,450	294,089,300	240,300,861	258,749,308	216,794,729	182,916,871
Current Assets	102,384,349	177,086,635	156,356,670	168,231,221	161,576,802	123,463,791
Current Liabilities	50,240,966	36,821,876	16,751,776	36,012,742	41,037,963	21,828,082



DAWOOD EQUITIES LIMITED

Statement of Compliance with the Code of Corporate Governance

Name of Company: Dawood Equities Limited

Year Ended: June 30, 2018

The company has complied with the requirements of the Regulations in the following manner:

1. The total number of directors are 07 as per the following:
 - a. Male: 06 members
 - b. Female: 01 member
2. The composition of board is as follows:

Category	Names
Executive Directors	Mr. Abdul Aziz Habib
Non-Executive Directors	Mr. Junaid Dada
	Mr. Khalid Rafique
	Mr. Muhammad Abbas
	Mr. Saifullah
Independent Directors	Mr. Asim Iftikhar Yaqub
	Mr. Rubina Khanum

3. The directors have confirmed that none of them is serving as a director on more than five listed companies, including this company (excluding the listed subsidiaries of listed holding companies where applicable).
4. The company has prepared a Code of Conduct and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
5. The board has developed a vision/mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
6. All the powers of the board have been duly exercised and decisions on relevant matters have been taken by board/ shareholders as empowered by the relevant provisions of the Act and these Regulations.
7. 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 has complied with the requirements of Act and the Regulations with respect to frequency, recording and circulating minutes of meeting of board.
8. The board of directors have a formal policy and transparent procedures for remuneration of directors in accordance with the Act and these Regulations
9. The Board will arrange Directors' Training program for the requisite no directors before June 2019 to comply with the CODE.
10. The board has approved appointment of CFO, Company Secretary and Head of Internal Audit, including their remuneration and terms and conditions of employment and complied with relevant requirements of the Regulations.
11. CFO and CEO duly endorsed the financial statements before approval of the board.
12. The board has formed committees comprising of members given below:



DAWOOD EQUITIES LIMITED

- a) Audit Committee
Mr. Asim IftikharYaqub Chairman
Ms. Rubina Khannum Member
Mr. Muhammad Khalid Member
- b) HR and Remuneration Committee
Mr. Asim IftikharYaqub Chairman
Mr.Muhammad Abbas Member
Mr. Abdul Aziz Habib Member
13. The terms of reference of the aforesaid committees have been formed, documented and advised to the committee for compliance.
14. The frequency of meetings (quarterly/half yearly/ yearly) of the committee were as per following:
- a) Audit Committee - Quarterly Meeting
b) HR and Remuneration Committee - Yearly Meeting
15. The board has set up an effective internal audit function/ or has outsourced the internal audit function to Sajid & Company Chartered Accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
16. The statutory auditors of the company have confirmed that they have been given a satisfactory rating under the quality control review program of the ICAP and registered with Audit Oversight Board of Pakistan, 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 code of ethics as adopted by the ICAP.
17. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the Act, these regulations or any other regulatory requirement and the auditors have confirmed that they have observed IFAC guidelines in this regard.
18. We confirm that all other requirements of the Regulations have been complied with.

On behalf of the Board of Directors

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi: September 26, 2018
Chairman

Karachi
Dated: September 26, 2018



DAWOOD EQUITIES LIMITED

AUDITORS' REPORTS TO THE MAMBERS

Opinion

We have audited the annexed financial statements of Dawood Equities Limited which comprise the statement of financial position as at June 30, 2018, and the statement of profit or loss, other comprehensive income, the statement of changes in equity, the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information, 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 the audit.

In our opinion and to the best of our information and according to the explanations given to us, the statement of financial position, statement of profit or loss, other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes forming part thereof conform with the accounting and reporting standards as applicable in Pakistan and give the information required by the Companies Act, 2017 (XIX of 2017), 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, 2018 and of the profit, other comprehensive loss, the changes in equity and its cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants as adopted by the Institute of Chartered Accountants of Pakistan (the Code) and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter(s)

- (i) We also draw attention towards note 11.1 of the annexed financial statements relating to deferred tax asset. Management believes that the asset will be utilized in coming years, relating to provision for trade debts and alternate corporate tax and losses. However, uncertainty is attached with the realization of recognized deferred tax asset.

Our opinion is not qualified in respect of above matter.

Key Audit Matter(s)

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



DAWOOD EQUITIES LIMITED

AUDITORS' REPORTS TO THE MAMBERS

Following are the Key audit matter(s):

S. No.	Key audit matter(s)	How the matter was addressed in our audit
1.	<p>1) Preparation of financial statement under Companies Act, 2017</p> <p>The Companies Act 2017 (the Act) became applicable from financial year ended 30 June 2018 and affects the presentation of disclosures in the financial statements - Refer Note 2(i).</p>	<p>1) We obtained necessary information from management for completeness of disclosures and evaluate the appropriateness of such information by cross checking it with relevant audit evidences.</p> <p>2) Evaluating the results of management's analysis and key decisions taken in respect of the transition, using our knowledge of the relevant requirements of the fourth schedules to the companies Act, 2017 and our understanding of the Company's operations and business.</p> <p>3) Assessing the adequacy and appropriateness of the additional disclosures and changes to the previous disclosures made in the annexed financial statements based on the new requirements.</p>
	<p>2) Short Term Investment</p> <p>The value of short term investment in ordinary shares is Rs 43.507 millions as at June 30, 2018 (2017: Rs 21.007 millions) held by the company is the quantitatively significant financial statement line item on the statement of Financial Position.</p>	<p>Test of detail are performed on investments held by the company including inspecting source documents and evaluating quoted market rates and fair values where applicable.</p>

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and the requirements of Companies Act, 2017 (XIX of 2017) and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Board of directors are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.



DAWOOD EQUITIES LIMITED

AUDITORS' REPORTS TO THE MAMBERS

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the board of directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the board of directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



DAWOOD EQUITIES LIMITED

AUDITORS' REPORTS TO THE MAMBERS

Report on Other Legal and Regulatory Requirements

Based on our audit, we further report that in our opinion:

- a) Proper books of account have been kept by the Company as required by the Companies Act, 2017 (XIX of 2017);
- b) The statement of financial position, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows together with the notes thereon have been drawn up in conformity with the Companies Act, 2017 (XIX of 2017) and are in agreement with the books of account and returns;
- c) Investments made, expenditure incurred and guarantees extended during the year were for the purpose of the Company's business; and
- d) No zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

The engagement partner on the audit resulting in this independent auditor's report is Zakaria.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated: September 26, 2018



DAWOOD EQUITIES LIMITED

REVIEW REPORT ON THE STATEMENT OF COMPLIANCE CONTAINED IN LISTED COMPANIES (CODE OF CORPORATE GOVERNANCE) REGULATIONS, 2017

We have reviewed the enclosed Statement of Compliance with the Listed companies (Code of Corporate Governance) Regulations, 2017 (the Regulations) prepared by the Board of Directors of Dawood Equities Limited for the year ended June 30, 2018 in accordance with the requirement of regulation 40 of the Regulation.

The responsibility for compliance with the Regulations is that of the Board of Directors of the Company. Our responsibility is to review whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Regulations and report if it does not and to highlight any non-compliance with the requirements of the Regulations. A review is limited primarily to inquiries of the Company's personnel and review of various documents prepared by the Company to comply with the Regulations.

As a 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 are not required to consider whether the Board of Directors' statement on internal control covers all risks and controls or to form an opinion on the effectiveness of such internal controls, the Company's corporate governance procedures and risks.

The Regulation require the Company to place before the Audit Committee, and upon recommendation of the Audit Committee, place before the Board of Directors for their review and approval its related party transactions and also ensure compliance with the requirements of section 208 of the Companies Act, 2017. We are only required and have ensured compliance of this requirement to the extent of the approval of the Related party transaction by the board of directors upon recommendations of the Audit committee. We have not carried out procedures to assess and determine the company's process for identification of the related party and that whether the related party transactions were undertaken at arm's length price or not.

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 requirements contained in the Regulations as applicable to the Company for the year ended June 30, 2018.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Date: September 26, 2018



DAWOOD EQUITIES LIMITED

**Audited Financial Statements
For The Year Ended
June 30 2018**





DAWOOD EQUITIES LIMITED

STATEMENT OF FINANCIAL POSITION
As At June 30, 2018

	Note	2018 Rupees	2017 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	7	14,530,795	14,551,898
Intangible assets	8	2,500,000	5,000,000
Long term investment	9	37,583,322	41,163,828
Long term deposits	10	1,137,500	1,137,500
Deferred taxation	11	46,632,732	55,149,439
		102,384,349	117,002,665
Current Assets			
Short term investments	12	81,621,982	29,866,214
Trade debts	13	55,178,928	48,796,786
Receivable against margin finance		3,723,685	10,230,215
Trade deposits and short term prepayments	14	11,936,403	40,409,094
Other receivable	15	11,227,486	22,049,816
Tax refunds due from government	16	18,839,552	13,538,595
Cash and bank balances	17	18,883,066	12,195,915
		201,411,102	177,086,635
Total Assets		303,795,450	294,089,300
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
30,000,000 Ordinary shares of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid up capital	18	249,965,000	249,965,000
Reserves	19	3,564,484	7,277,424
		253,529,484	257,242,424
Non Current Liabilities			
Rental deposits		25,000	25,000
Current Liabilities			
Trade and other payables	20	50,240,966	36,821,876
Contingencies and Commitments			
	21	-	-
Total Equity and Liabilities		303,795,450	294,089,300

The annexed notes from 1 to 38 form an integral part of these financial statements


Chief Executive


Director


Chief Financial Officer



DAWOOD EQUITIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018**

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
Operating revenue	22	33,178,199	32,293,531
Capital gain on disposal of investments - net	23	3,176,766	51,347,532
Gain / (loss) on remeasurement of investments carried at fair value through profit and loss	24	260,764	(1,553,406)
		36,615,729	82,087,657
Administrative expenses	25	(16,850,446)	(15,690,135)
		19,765,283	66,397,522
Financial charges	26	(776,373)	(102,712)
		18,988,910	66,294,810
Other operating income	27	1,487,032	2,609,555
Other operating charges	28	(3,495,130)	(73,382,574)
Profit/ (Loss) before taxation		16,980,812	(4,478,209)
Taxation	29	(8,637,059)	15,448,129
Profit after taxation		8,343,753	10,969,920
Earning per share - Basic and diluted	30	0.33	0.44

The annexed notes from 1 to 38 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Profit for the year	8,343,753	10,969,920
Other comprehensive (loss) / income	(12,056,693)	22,723,419
Total comprehensive (loss) / income for the year	(3,712,940)	33,693,339

The annexed notes from 1 to 38 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

STATEMENT OF CASH FLOW.
FOR THE YEAR ENDED JUNE 30, 2018

	2018 Rupees	2017 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) before taxation	16,980,812	(4,478,209)
Adjustment for non cash items:		
Depreciation	1,058,200	597,443
(Gain) / loss on remeasurement of investment	(260,764)	1,553,406
Capital gain on disposal of investment	(3,176,766)	(51,347,532)
Dividend income	(828,076)	(762,196)
Loss due to fire	-	178,533
Decline in value of TREC	2,500,000	-
Reversal for doubtful debts	-	(135,000)
Provision for bad debt	-	70,459,095
Financial charges	776,373	102,712
	<u>17,049,779</u>	<u>16,168,252</u>
(Increase) / decrease in current assets		
Trade debts	(6,382,142)	(28,673,323)
Other receivables	10,822,330	(4,142,414)
Receivable against MF	6,506,530	(10,230,215)
Trade deposits and short term prepayments	28,472,691	(31,468,149)
	<u>39,419,409</u>	<u>(74,514,101)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	13,419,090	20,070,100
	<u>69,888,278</u>	<u>(38,275,749)</u>
Taxes paid	(5,421,309)	(7,843,415)
Financial charges paid	(776,373)	(102,712)
	<u>(6,197,682)</u>	<u>(7,946,127)</u>
Net cash generated from / (used in) operating activities	<u>63,690,596</u>	<u>(46,221,876)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,037,096)	(14,986,638)
Disposal of investments - net	(56,794,425)	60,110,970
Dividend received	828,076	762,196
Rental deposits	-	25,000
Net cash (used in) / generated from investing activities	<u>(57,003,445)</u>	<u>45,911,528</u>
Net increase / (decrease) in cash and cash equivalents (A+B)	6,687,151	(310,348)
Cash and cash equivalents at the beginning of the period	12,195,915	12,506,263
Cash and cash equivalents at the end of the period	<u>18,883,066</u>	<u>12,195,915</u>

The annexed notes from 1 to 38 form an integral part of these financial statements


Chief Executive


Director


Chief Financial Officer



DAWOOD EQUITIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2018

	Reserves					Sub-Total	Total Equity
	Issued, subscribed and paid up capital	Capital		Revenue			
		(Loss) / gain on remeasurement of AFS investment	Share premium	Accumulated profit			
----- Rupees -----							
Balance as at June 30, 2016	249,965,000	3,905,958	74,973,750	(105,295,623)	(26,415,915)	223,549,085	
Profit for the year	-	-	-	10,969,920	10,969,920	10,969,920	10,969,920
Loss on re-measurement of investment available for sale at par value	-	22,723,419	-	-	22,723,419	22,723,419	22,723,419
Total comprehensive income for the year					33,693,339		-
Balance as at June 30, 2017	249,965,000	26,629,377	74,973,750	(94,325,703)	7,277,424	257,242,424	
Profit for the year	-	-	-	8,343,753	8,343,753	8,343,753	8,343,753
Loss on re-measurement of investment available for sale at par value	-	(12,056,693)	-	-	(12,056,693)	(12,056,693)	(12,056,693)
Total comprehensive income for the year					(3,712,940)		-
Balance as at June 30, 2018	249,965,000	14,572,684	74,973,750	(85,981,950)	3,564,484	253,529,484	

The annexed notes from 1 to 38 form an integral part of these financial statements

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2018

1 CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

Dawood Equities Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on May 3, 2006 under the Companies Act 2017. The Company commenced commercial operations from October 03, 2006. Subsequently the Company obtained listing on the Pakistan Stock Exchange Limited formerly Karachi Stock Exchange Limited on April 14, 2008. The registered office of the Company is situated at 17th Floor , Saima Trade Towers - A, I.I. Chundrigar Road, Karachi. The Company's principal business is trading and brokerage of listed equities, underwriting and other investments.

2 SIGNIFICANT TRANSACTIONS AND EVENT THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

Due to the applicability of Companies Act, 2017 certain disclosures of the financial have been presented in accordance with the fourth schedule notified by the Securities and Exchange Commission of Pakistan vide S.R.O. 1169 dated November 7, 2017.

3 BASIS OF PREPARATION

3.1 Statement of compliance

These financial statements have been prepared in accordance with the accounting and reporting standards applicable in Pakistan. The accounting and reporting standards applicable in Pakistan comprise of:

- International Financial Reporting Standards (IFRS Standards) issued by the international Accounting Standard Boards (IASB) as notified under the Companies Act , 2017.
- Provision of and directives issued under the Companies Act, 2017.

Where provisions of and directives issued under the Companies Act, 2017 differ from the IFRS standards, the provisions of and directives issued under the Companies Act, 2017 have been followed.

3.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except for certain investments which are measured at fair value.

These financial statements have been prepared following accrual basis of accounting except for cash flow information

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved financial reporting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets, liabilities, income and expenses.

The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.



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The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

3.5 New standards, interpretations and amendments

The company has adopted the following accounting standards, interpretations and the amendments of IFRSs which became effective for the current year :

- IAS 7 – Statement of Cash flow - Disclosure Initiative - (Amendments).
- IAS 12 – Income Taxes - Recognition of Deferred Tax Assets for Unrealized losses (Amendments).

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

4 NEW / REVISED ACCOUNTING STANDARDS, AMENDMENTS TO PUBLISHED ACCOUNTING STANDARDS, AND INTERPRETATIONS THAT ARE NOT YET EFFECTIVE

4.1 Standards, interpretations and improvements to approved accounting standards that are not yet effective

The following standards, amendments and improvements with respect to the approved accounting standards as applicable in Pakistan would be effective from the dates mentioned below against the respective standards or interpretations :

<i>Standards or interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 2 – Share Based Payments - Classification and Measurement of Share Based Payment Transactions (Amendments).	01 January 2018
IFRS 9 – Financial Instruments.	01 July 2018
IFRS 9 – Payment Features With Negative Compensation - (Amendments).	01 January 2018
IFRS 10 – Consolidated Financial Statements, IAS 28 Investments in Associates and Joint Ventures-Sale or Contribution of Assets between an investor and its associates or Joint venture (Amendment)	Not yet Finalized
IFRS 15 – Revenue from Contracts With Customers.	01 July 2018
IFRS 16 – Leases.	01 January 2019
IFRS 4 – Insurance Contracts: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts - (Amendments).	01 January 2018
IAS 40 – Investment Property: Transfers of Investment Property (Amendments).	01 January 2018
IAS 19 – Plan Amendment, Curtailment or Settlement (Amendments).	01 January 2019



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	<i>Effective date (annual periods beginning on or after)</i>
IAS 28 – Long - term interests in Associates and Joint Ventures - (Amendments).	01 January 2019
IFRIC 22 – Foreign Currency Transactions and Advance Consideration.	01 January 2018
IFRIC 23 – Uncertainty Over Income tax Treatments.	01 January 2019

The above standards and amendments are not expected to have any material impact on the company's financial statements in the period of initial application except for IFRS 15 - Revenue from Contracts with Customers. The company is currently evaluating the impact of the said standard.

In addition to the above standards and amendments, improvements to various accounting standards have also been issued by the IASB in December 2016 and December 2017. Such improvements are generally effective for accounting periods beginning on or after 01 January 2018 and 01 January 2019 respectively. The Company expects that such improvements to the standards will not have any impact on the Company's financial statements in the period of initial application.

The IASB has also issued the revised Conceptual Framework for Financial Reporting (the Conceptual Framework) in March 2018 which is effective for annual period beginning on or after 01 January 2020 for preparers of financial statements who develop accounting policies based on Conceptual Framework. The revised Conceptual Framework is not a standard, and none of the concepts override those in any standard or any requirements in a standard. The purpose of the Conceptual Framework is to assist IASB in developing standards, to help preparers develop consistent accounting policies if there is no applicable standard in place and to assist all parties to understand and interpret the standards.

Further, following new standards have been issued by IASB which are yet to be notified by the SECP for the purpose of applicability in Pakistan.

<i>Standard or Interpretation</i>	<i>Effective date (annual periods beginning on or after)</i>
IFRS 14 - Regulatory Deferral Accounts.	01 January 2016
IFRS 17 - Insurance Contracts.	01 January 2021

5 SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the presentation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

5.1 Property and equipment

5.1.1 Owned

These are stated at cost less accumulated depreciation and impairment, if any. Such costs include the cost of replacing parts of fixed assets when that cost is incurred. Maintenance and normal repairs are charged to profit and loss account as and when incurred. Depreciation is charged to profit and loss account over the useful life



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of the asset on a systematic basis applying the straight line method at the rates specified in note 7 to the financial statements.

Depreciation on additions is charged from the month in which the assets are put to use while no depreciation is charged in the month in which the assets are disposed off.

The carrying amounts are reviewed at each balance sheet date to assess whether they are recorded in excess of their recoverable amounts, and where carrying values exceed estimated recoverable amount, assets are written down to their estimated recoverable amount.

An item of fixed asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal.

The residual values and useful lives of assets are reviewed at each financial year end and adjusted, if appropriate.

Gains and losses on disposals, if any, are included in the profit and loss account.

5.2 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 profit and loss account.

5.3 Investments

All investments are initially measured at fair value plus, in the case of investments not at fair value through profit or loss, transaction costs that are directly attributable to acquisition.

The management of the Company determines the appropriate classification of its investments for the purpose of subsequent measurement in accordance with the requirements of International Accounting Standard (IAS) 39, 'Financial Instruments: Recognition and Measurement', at the time of purchase.

The Company classifies investments in the following categories:

Investments at fair value through profit or loss

These include held for trading investments and such other investments that, upon initial recognition, are designated under this category. Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. All derivatives are classified as held-for-trading. These are initially recorded at cost. Derivatives with positive fair values (unrealised gains) are included in assets and derivatives with negative fair values (unrealised losses) are included in liabilities in the statement of assets and liabilities. After initial measurement, such investments are carried at fair value and the gains or losses on revaluation are recognised in the profit and loss account in the period in which they arise.

Available for sale

These are non-derivative financial assets that are not classified as (a) loans and receivables (b) held to maturity investments or (c) financial assets at fair value through profit or loss. After initial measurement, such investments are measured at fair value with unrealised gains or losses recognised in the equity through other comprehensive income until the investment is derecognised or determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is taken to the income statement. However, unquoted equity investments are carried at the lower of cost or break up value.

Fair values of investments are determined as follows:

Listed shares

These are valued on the basis of closing market prices quoted on the respective stock exchange.



5.4 Settlement date accounting

All purchases and sales of securities that require delivery within the time frame established by regulation or market convention such as 'T+2' purchases and sales are recognized at the settlement date. Trade date is the date on which the Company commits to purchase or sale an asset.

5.5 Financial instruments

5.5.1 Financial assets and liabilities

Financial assets include investments, deposits, loans, advances, other receivables, receivable from funds and cash and bank balances.

Financial liabilities include accrued expenses and other liabilities and liabilities against assets subject to finance lease. Financial liabilities are classified according to the substance of the contractual agreement entered into.

At the time of initial recognition, all the financial assets and liabilities are measured at cost, which is the fair value of the consideration given or received for it. Transaction costs are included in the initial measurement of all financial assets and liabilities except for transaction costs that may be incurred on disposal. The particular recognition method adopted for recognition of financial assets and liabilities subsequent to initial recognition is disclosed in the policy statement associated with each item.

5.5.2 Offsetting of financial assets and financial liabilities

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

5.5.3 Related party transactions and transfer pricing

Transactions and contracts with the related parties are based on the policy that all transactions between the Company and related parties are carried out at arm's length prices which are determined in accordance with the methods prescribed in the Companies Act 2017.

5.6 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.

5.7 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of cash flow statement, cash and cash equivalent consist of bank balances and running finances under mark-up arrangements.

5.8 Trade debts and other receivables

Trade debts and other receivables are recognized and carried at original invoiced amount. When a trade debt is uncollectible, it is written off and charge to profit and loss account. Subsequent recoveries of amounts previously written off are credited to the profit and loss account.



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6 Proposed dividend and transfer between reserves

Dividends declared and transfer between reserves, except appropriations which are required by the law, made subsequent to the balance sheet date are considered as non adjusting events and are recognized in the financial statements in the year in which such dividends are declared or transfers between reserves are made.

6.1 Revenue recognition

Remuneration for investment advisory and asset management services are recognised on accrual basis.

Commission income is recognised on accrual basis.

Gains and losses on sale of marketable securities are recognised on the date of sale.

Dividend income is recorded when the right to receive the dividend is established. Return on securities other than shares is recognised on accrual basis.

Return on bank deposits are recognised on accrual basis. Other income is recognised as and when earned.

6.2 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, if it is probable that outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

6.3 Segment reporting

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses including revenues and expenses that relate to transactions with any of the Company's other components. The Company has only one reportable segment.

6.4 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. However, for income covered under final tax regime, taxation is based on applicable tax rules under such regime. The charge for current tax also includes adjustments where necessary, relating to prior years which arise from assessments framed / finalised during the year.

Deferred

Deferred tax is accounted for using the statement of financial position liability method in respect of all temporary timing differences arising from difference between the carrying amount of the assets and liabilities in the financial statements and corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.



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6 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 management to exercise its judgment in the process of applying the Company's accounting policies. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In the process of applying the Company's accounting policies, management has made the following estimates and judgments which are significant to the financial statements:

- a) Recognition of taxation and deferred taxation;
- b) Determining the useful lives of operating fixed assets;
- c) Classification of investments; and
- d) Impairment of financial assets.

7 PROPERTY AND EQUIPMENT

Particulars	Owned Assets					Total
	Building	Furniture & Fixtures	Vehicles	Office equipment	Computers	
	----- Rupees -----					
<i>Year ended June 30, 2017</i>						
Opening net book value	13,849,500	164,875	117,233	134,467	285,823	14,551,898
Additions	15,000	343,000	93,000	279,400	306,696	1,037,096
Disposal	-	-	-	-	-	-
Depreciation charge	(713,750)	(90,142)	(32,972)	(58,368)	(162,968)	(1,058,199)
Closing net book value	<u>13,150,750</u>	<u>417,733</u>	<u>177,261</u>	<u>355,499</u>	<u>429,551</u>	<u>14,530,795</u>
<i>As at June 30, 2018</i>						
Cost	14,275,000	549,500	486,000	425,900	2,041,733	17,778,133
Accumulated depreciation	(1,124,250)	(131,767)	(308,739)	(70,401)	(1,612,182)	(3,247,338)
	<u>13,150,750</u>	<u>417,733</u>	<u>177,261</u>	<u>355,499</u>	<u>429,551</u>	<u>14,530,795</u>
<i>Year ended June 30, 2017</i>						
Opening net book value	-	91,075	195,833	10,745	43,583	341,236
Additions	14,260,000	280,388	-	146,500	299,750	14,986,638
Destruction due to Fire						
Cost		174,388	-	620,587	-	794,975
Depreciation		(6,600)	-	(609,842)	-	(616,442)
Net book value		167,788	-	10,745	-	178,533
Depreciation charge	(410,500)	(38,800)	(78,600)	(12,033)	(57,510)	(597,443)
Closing net book value	<u>13,849,500</u>	<u>164,875</u>	<u>117,233</u>	<u>134,467</u>	<u>285,823</u>	<u>14,551,898</u>
<i>As at June 30, 2017</i>						
Cost	14,260,000	206,500	393,000	146,500	1,735,037	16,741,037
Accumulated depreciation	(410,500)	(41,625)	(275,767)	(12,033)	(1,449,214)	(2,189,139)
	<u>13,849,500</u>	<u>164,875</u>	<u>117,233</u>	<u>134,467</u>	<u>285,823</u>	<u>14,551,898</u>



DAWOOD EQUITIES LIMITED

8 INTANGIBLE ASSETS	<i>Note</i>	2018 Rupees	2017 Rupees
TREC	8.1	2,500,000	5,000,000
		2,500,000	5,000,000
8.1 TREC			
Carrying value		5,000,000	5,000,000
Decline in value		(2,500,000)	-
		2,500,000	5,000,000

8.1.1 The company has recognised decline in value of TREC amounting to Rs. 2.5 million based on PSX notice / N-1245 dated February 26, 2018 indicating fee for new TREC Certificate amounts to 2.5 million.

9 LONG TERM INVESTMENTS

2018 Numbers	2017 Numbers	2018 Rupees	2017 Rupees
1,902,953	1,602,953	49,640,015	16,029,530
		(12,056,693)	25,134,298
1,902,953	1,602,953	37,583,322	41,163,828

9.1 This represents shares of Pakistan Stock Exchange Limited (PSX) acquired in pursuance of corporatization and demutualization of PSX as a public company limited by shares. As per the arrangements the authorized and paid-up capital of PSX is Rs.10,000,000,000 and Rs.8,014,766,000 respectively with a par value of Rs.10 each. The paid-up capital of PSX is equally distributed among 200 members of PSX by issuance of 4,007,383 shares to each member.

9.2 Break up of shares received and transacted is as follows :	2018 Rupees	2017 Rupees
Shares transferred to Chinese consortium	1,602,953	-
Shares sold to general public	501,477	-
Shares in hand	1,902,953	-
	4,007,383	-
9.3 Shares in hand		
Available for sale-freeze	1,081,194	-
Available for sale when unfreezed	821,759	-
	1,902,953	-



DAWOOD EQUITIES LIMITED

		<i>2018</i>	<i>2017</i>
		<i>Rupees</i>	<i>Rupees</i>
10 LONG TERM DEPOSITS			
Pakistan Stock Exchange Limited		700,000	700,000
Central Depository Company Limited		137,500	137,500
National Clearing Company Pakistan Limited		300,000	300,000
		<u>1,137,500</u>	<u>1,137,500</u>
11 DEFERRED TAXATION			
Relating to deductible temporary difference			
Accelerated tax depreciation		3,862,353	939,832
Alternate corporate tax		234,144	-
Unrealized gain on remeasurement of investments		39,115	-
		<u>4,135,611</u>	<u>939,832</u>
Relating to taxable temporary difference			
Minimum tax		-	(213,921)
Trade debts-provision for doubtful debts		(43,160,348)	(45,064,732)
Tax losses		(5,799,491)	(22,027,398)
Loss on re-measurement of investment- available for sale		(1,808,504)	-
		<u>(50,768,343)</u>	<u>(67,306,051)</u>
Deferred tax asset		<u>(46,632,732)</u>	<u>(66,366,219)</u>
Deferred tax asset not recognized		-	11,216,779
		<u>(46,632,732)</u>	<u>(55,149,439)</u>
11.1	Deferred tax asset recognised aggregating to Rs.46.632 (2017 : Rs.55.149) million. The management of the Company believes that based on the projections of future taxable profits, it would be able to realise the deferred tax asset pertaining to alternate corporate tax provision for bad debts. These projections are however, subject to uncertainty.		
12 SHORT TERM INVESTMENTS			
	<i>Note</i>	<i>2018</i>	<i>2017</i>
		<i>Rupees</i>	<i>Rupees</i>
Related Party			
At fair value through profit & loss	12.1	3,942	3,116,615
Others			
At fair value through profit & loss	12.2	1,328,968	1,220,369
Available for sale - at cost	12.3	36,781,380	4,521,380
Others - at fair value through profit & loss	12.4	43,507,693	21,007,850
		<u>81,621,982</u>	<u>29,866,214</u>



DAWOOD EQUITIES LIMITED

			<i>2018</i>	<i>2017</i>
		<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
12.1	Related party - At fair value through profit & loss			
	<i>2018</i>	<i>2017</i>		
	<i>---- Number of Shares ----</i>			
	451	330,500	BRR Guardian Modaraba	3,421
			Gain on remeasurement of	3,090,175
			investments	<u>520</u>
				<u>26,440</u>
			3,942	3,116,615
	<i>Others</i>			
12.2	At fair value through profit & loss			
	<i>2018</i>	<i>2017</i>		
	<i>---- Number of Shares ----</i>			
	567,613	567,613	Investment 786 (Formally Dawood	1,220,368
			Capital Management Ltd.)	1,220,369
	30,000	-	First Dawood Investment Bank Ltd.	<u>137,397</u>
				<u>1,220,369</u>
			Loss on remeasurement of	<u>(28,797)</u>
			investments	<u>-</u>
			1,328,968	1,220,369
	The market value of each listed security is as follows:			
			Investment 786 (Formally Dawood Capital Management Ltd.)	2.15
			BRR Guardian Modaraba	9.43
			First Dawood Investment Bank Ltd.	3.62
				-
12.3	Available for sale - at cost			
	<i>2018</i>	<i>2017</i>		
	<i>Number of Shares</i>			
	3,850,500	624,500	Dawood Family Takaful Ltd.	12.3.1
				<u>36,781,380</u>
				<u>4,521,380</u>
12.3.1	The embedded value of these shares based on actuarial valuation of the investee Company is Rs.10.59 (2017 : Rs.7.24) per share, therefore unrealized gain of Rs.3,995,415 has not been recognised due to uncertainties.			
			<i>Note</i>	<i>2018</i>
				<i>Rupees</i>
				<i>2017</i>
				<i>Rupees</i>
12.4	Other investments - at fair value through profit and loss			
	Ordinary Shares	12.4.1	43,507,693	21,007,850
			<u>43,507,693</u>	<u>21,007,850</u>



DAWOOD EQUITIES LIMITED

12.4.1 Held for trading - Ordinary Shares

<i>2018</i>	<i>2017</i>		<i>2018</i>	<i>2017</i>
<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
19,668	-	Allied Rental Modaraba	295,020	-
1,238,371	-	Ansari Sugar Mills	24,765,537	-
300	300	Attock Petroleum Limited	187,929	190,437
-	10,000	Bank of Punjab - LOR	-	16,207
6,500	-	Bank Al Falah Ltd	339,899	-
10,000	25,000	Byco Petroleum Pakistan Limited	122,005	532,575
3,500	-	Cherat Cement Company Limited	394,851	-
5,000	-	Crescent Star Insurance	23,457	-
31,000	-	Dost Steels Limited	366,120	-
18,000	17,000	Fauji Fertilizer Bin Qasim Limited	675,027	887,910
9,500	7,500	Fauji Fertilizer Company Limited	930,562	777,000
-	500	Gul Ahmed Textile Mills Limited	-	23,581
100	100	ICI Pakistan Limited	109,455	111,586
2,000	-	International Industries Ltd	495,396	-
500	500	Ittehad Chemicals Limited	15,640	17,390
-	369,494	Ittefaq Iron Industries Limited	-	11,158,719
280,000	300,000	K-Electric Limited	1,674,613	2,452,673
300	-	Kohinoor Textile Mills	18,000	-
1,500	1,500	Kot Addu Power Company Limited	108,030	120,315
5,000	-	Maple Leaf Cem Ltd	273,788	-
2,500	5,000	Mughal Iron & Steel Limited	161,521	705,150
-	5,000	Oil & Gas Development Company	-	741,550
400	1,000	Otsuka Pakistan Limited	107,060	233,010
5,000	-	Pak Electron	171,657	-
20,000	-	Pakistan International Bulk Limited	244,210	-
-	1,000	Pakistan State Oil Company Limited	-	415,188
367	104,867	Power Cement Limited	3,225	1,496,604
400	-	Service Industries Limited	312,930	-
5,000	-	Sui Northern Gas Pipe Line Ltd	487,320	-
24,500	-	Sui Southern Gas Co	885,632	-
669,808	-	The Bank of Punjab Ltd	7,888,348	-
10,000	-	The Hub Power Company Limited	980,339	1,638,250
16,500	6,000	Treet Corporation Limited	594,849	1,069,549
1,000	-	TRG Pakistan Limited - "Class- A"	37,369	-
25,000	-	Tristar Polyester Ltd	511,572	-
			43,181,361	22,587,694
		(Loss) / gain on remeasurement of investments	326,332	(1,579,844)
			43,507,693	21,007,850



DAWOOD EQUITIES LIMITED

	2018	2017
	Rupees	Rupees
12.4.3 The market value of each listed security is as follows:		
786 Investment Limited - Freeze	2.15	-
Allied Rental Modaraba	17.11	-
Ansari Sugar Mills Limited	20.58	-
Attock Petroleum Limited	589.99	-
B.R.R. Guardian Modaraba	8.74	-
Bank Alfalah Limited	52.29	-
Byco Petroleum Pakistan Limited	12.20	-
Cherat Cement Company Limited	97.23	-
Crescent Star Insurance Limited	3.15	-
Dost Steels Limited	7.91	-
Fauji Fertilizer Bin Qasim Limited	38.60	-
Fauji Fertilizer Company Limited	98.89	-
First Dawood Investment Bank	3.62	-
Ici Pakistan Limited	801.50	1,095
International Industries Limited	232.29	-
Ittehad Chemicals Limited	34.76	31
K-Electric Limited	5.68	7
Kohinoor Textile Mills Limited	54.99	-
Kot Addu Power Company Limited	53.91	72
Maple Leaf Cement Factory Limited	50.74	-
Mughal Iron And Steel Industries	61.42	-
Otsuka Pakistan Limited	283.05	293
Pak Elektron Limited	35.46	-
Pakistan International Bulk	11.35	-
Pakistan State Oil Company Limited	-	387
Pakistan Stock Exchange Limited	19.75	26
Power Cement Limited	8.35	13
Service Industries Limited	784.98	-
Sui Northern Gas Pipelines Limited	100.22	-
Sui Southern Gas Company Limited	32.82	-
The Bank Of Punjab	12.07	-
The Hub Power Company Limited	92.16	117
Treet Corporation Limited	34.19	57
Trg Pakistan Limited - Class 'A'	28.64	-
Tri-Star Polyester Limited	16.61	-



DAWOOD EQUITIES LIMITED

		<i>2018</i>	<i>2017</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
13 TRADE DEBTS			
Considered good	13.1	70,276,011	70,800,164
Considered doubtful		133,731,703	126,825,408
		204,007,714	197,625,572
Provision for considered doubtful	13.3	(148,828,786)	(152,287,470)
		55,178,928	45,338,102
Reversal of Provision `		-	3,458,684
	13.2	55,178,928	48,796,786

13.1 This includes amount of Rs. 10,820,173 (2017 : Rs.11,194,117) receivable from related parties of the Company.

13.1.1 Name of Related Party

*Maximum aggregate amount
outstanding with reference to
Month end Balance*

1	B.R.R. Guardian Modaraba	23,299	-
2	Key Management Personal	1,879,571	-
		1,902,870	-

13.2 The total value of securities pertaining to clients are Rs. 1,397.06 million held in sub-accounts of the company. No security is pledged by client to the financial institutions.

13.3 Provision relates to Receivable's has been made for overdue by more than 5 days to comply with regulation 34(2)(h) of the Securities Brokers (Licensing and Operations) Regulation 2016. However, those provision that are recovered before the date of authorization of issue of financial statements are treated as adjusting event and such provision are reversed.

		<i>2018</i>	<i>2017</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
Provision for trade debts considered doubtful			
Opening balance		148,828,786	78,504,691
Provision made during the year	27	-	73,782,779
Provision reverse during the year	27	-	(3,458,684)
		148,828,786	148,828,786

14 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS

Trade deposits	14.1	10,893,403	40,005,594
Advance to employees		38,500	403,500
Prepayments		304,500	-
Advance against Shares		700,000	-
		11,936,403	40,409,094



DAWOOD EQUITIES LIMITED

14.1 This includes amounts of deposits held at the year end against exposure arising out of the trading in securities in accordance with the regulations of Pakistan Stock Exchange Limited and National Clearing Company Pakistan Limited.

15 OTHER RECEIVABLES - Considered good	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Receivable against PSX shares	15.1	-	4,488,274
Receivable from NCCPL		9,000,580	10,380,198
Other receivables	15.2	2,226,906	7,181,344
		11,227,486	22,049,816

15.1 This represent amount receivable from PSX against shares sold to Chinese Consortium.

15.2 This amount includes Rs. 2.09 million recovered by tax authorities relating to Tax Year 2013 for which tax advisor is of the view that these are refundable to the company based on appellate order No. 37/2017.

16 TAX REFUNDS DUE FROM GOVERNMENT	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
Opening balance		13,538,594	13,538,595
Add: Paid during the period		1,927,888	7,843,415
		15,466,482	21,382,010
Adjusted against provision for taxation		(1,927,888)	(775,208)
Adjustments		5,300,958	(7,068,208)
		18,839,552	13,538,594

17 BANK BALANCES

Cash in hand		7,830	6,082
Cash at bank			
Current accounts		5,907,499	10,690,384
Saving accounts	17.1	12,967,736	1,499,449
		18,883,066	12,195,915
Balance pertaining to:			
- clients		13,344,583	918,702
- brokerage house		5,530,652	11,271,131
		18,875,236	12,189,833

17.1 Saving accounts carries mark-up at the rate from 4.75% to 5.75% (2017 : 2.46% to 3.75%) per annum.

18 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>2018</i> <i>Number of Ordinary</i> <i>shares of Rs.10 each</i>	<i>2017</i> <i>Number of Ordinary</i> <i>shares of Rs.10 each</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
24,996,500	24,996,500	249,965,000	249,965,000
		Fully paid in cash	



DAWOOD EQUITIES LIMITED

19 RESERVES

- Capital reserve

Share premium is capital reserve and is held for utilization of purposes as stated in section 81 of the Companies Act, 2017.

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
20 TRADE AND OTHER PAYABLES			
Trade creditors	20.1	26,856,754	21,611,034
Due to dealer		-	1,437,796
Accrued expenses		2,086,361	1,946,851
Payable against underwriting commitments		20,000,000	-
Payable to NCCPL		624,936	-
Advance Against Shares		-	11,158,719
Withholding tax payable		672,916	667,476
		<u>50,240,966</u>	<u>36,821,876</u>

20.1 This includes amount of Rs. 1,635,964 (2017 : Rs.4,572,723) payable to related parties of the Company.

21 CONTINGENCIES AND COMMITMENTS

21.1 The Company has filed a suit in the Honorable High Court of Sindh against one of its corporate client against recovery of Rs.75.436 million and proceedings are in process. Honorable High Court has appointed Commissioner for determination of amount. Currently 100% provision of Rs. 75.436 million has been made as ultimate outcome is uncertain.

21.2 Compromise decree has been passed by the Honorable High Court of Sindh regarding fully provided balance of Mr. Abbas Qurban of Rs. 30.33 million, currently company is recovering the amount by monthly installment of Rs. 15,000 per month and reversing the provision in similar pattern.

21.3 Commitment against unrecorded transactions executed before year end having settlement date subsequent to year end :-

	<i>Note</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
For purchase of shares		<u>55,340,187</u>	<u>98,724,767</u>
For sale of shares		<u>43,445,813</u>	<u>91,900,532</u>

22 OPERATING REVENUE

Brokerage commission	22.1	16,643,618	24,163,714
Custody / Laga / NCSS Fees		2,226,355	3,376,421
Underwriting commission		12,463,157	3,762,970
Dividend income		828,076	762,196
Income from Margin Trading		-	9,538
Income from Margin Finance		1,016,993	218,692
		<u>33,178,199</u>	<u>32,293,531</u>



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
22.1 Brokerage commission			
Gross commission		31,070,844	51,623,663
Sales tax/ Federal excise duty		(3,440,518)	(5,851,918)
		27,630,326	45,771,745
Commission to agents and dealers		(10,986,708)	(21,608,031)
		16,643,618	24,163,714
19.1.1 Brokerage commission pertains to			
Institutional clients		5,358,010	3,329,109
Retail customers/Individual		22,272,316	42,442,636
		27,630,326	45,771,745
23 CAPITAL GAIN/ (LOSS) ON INVESTMENTS - NET			
Capital loss in ready market		(6,235,800)	51,325,511
Capital gain in future market		9,412,566	22,021
		3,176,766	51,347,532
24 GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS			
Others		260,764	(1,553,406)
		260,764	(1,553,406)
25 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		6,811,727	5,644,344
Rent, rates & taxes		206,000	121,000
Repairs and maintenance		1,190,082	1,324,217
Utilities		763,678	1,080,974
Fees and subscription		1,473,824	1,398,019
Regulatory charges		2,253,575	3,280,588
Brokerage expenses		151,829	531,653
Printing and stationery		356,420	322,113
Legal and professional fees		588,771	992,860
Traveling and conveyance		94,880	20,531
Entertainment		954,100	139,370
Depreciation	7	1,058,200	597,443
Sales tax expense		595,417	-
Miscellaneous expenses		351,943	237,023
		16,850,446	15,690,135



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2018</i> <i>Rupees</i>	<i>2017</i> <i>Rupees</i>
26 FINANCIAL CHARGES			
Bank charges		120,757	102,712
Mark Up On Short Term Loans		655,616	-
		<u>776,373</u>	<u>102,712</u>
27 OTHER OPERATING INCOME			
From financial assets			
Profit on bank accounts		311,468	80,881
Profit on cash exposure		458,753	438,910
Liabilities written back		-	-
Reversal of provision for bad debts		-	135,000
		<u>770,221</u>	<u>654,791</u>
From non financial assets			
Rental Income		375,000	75,000
CDC Account opening income		11,900	-
Miscellaneous income		160,131	1,879,764
		<u>547,031</u>	<u>1,954,764</u>
		<u>1,317,252</u>	<u>2,609,555</u>
28 OTHER OPERATING CHARGES			
Loss due to fire		-	202,533
Impairment loss on shares of associate		-	1,407,865
Provision for Bad debts		-	70,459,095
Bad debts written off		-	360,248
Decline in value of TREC		2,500,000	-
Auditors' remuneration	28.1	995,130	952,832
		<u>3,495,130</u>	<u>73,382,574</u>
28.1 Auditors' remuneration			
Statutory audit		438,600	432,000
Half yearly review		90,400	76,360
Certifications and other services		289,430	264,472
Internal audit		120,000	110,000
System audit		56,700	70,000
		<u>995,130</u>	<u>952,832</u>
29 TAXATION			
Current	29.1	(117,723)	(315,963)
Capital gain tax		(2,628)	(459,245)
Deferred		(8,516,707)	17,926,124
Prior		-	5,300,959
		<u>(8,637,059)</u>	<u>22,451,875</u>



DAWOOD EQUITIES LIMITED

- 29.1** Income Tax assessment of the Company has been finalized for the tax year 2016. However the Commissioner of Income Tax may at any time during a period of five years from the date of filing of return may select the deemed assessment for audit.
- 29.2** Since the Company is not liable to pay any current tax because of tax losses for the prior financial years, therefore, no numerical tax reconciliation has been given. Current year tax charge is the Minimum tax as per section 113 of the Income Tax Ordinance, 2001.
- 29.3** Management has provided sufficient tax provision in financial statements in accordance with income tax ordinance, 2001. Following is the comparison of tax provision as per accounts vis a vis tax assessment for last three years:

	<i>Deemed Assessment Rupees</i>	<i>Provision Rupees</i>
Tax year 2017	<u>309,196</u>	<u>315,963</u>
Tax year 2016	<u>466,132</u>	<u>642,023</u>
Tax year 2015	<u>2,339,153</u>	<u>1,680,737</u>

30 EARNING PER SHARE

	<i>2018</i>	<i>2017</i>
Profit after taxation	<i>Rs.</i> <u>8,343,753</u>	<u>10,969,920</u>
Weighted average number of ordinary shares	<u>24,996,500</u>	<u>24,996,500</u>
Income per share - basic	<i>Rs.</i> <u>0.33</u>	<u>0.44</u>

Diluted earning per share has not been presented as the company did not have any convertible instruments.

31 FINANCIAL INSTRUMENTS BY CATEGORY

	<i>2018 Rupees</i>	<i>2017 Rupees</i>
--	------------------------	------------------------

FINANCIAL ASSETS

Investment at fair value through profit or loss

Long term investment	<u>37,583,322</u>	41,163,828
Short term investments	<u>81,621,982</u>	29,866,214
	<u>119,205,304</u>	71,030,042
Available for sale investments		
Short term investment	<u>36,781,380</u>	4,521,380



DAWOOD EQUITIES LIMITED

	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>
Loans and receivables		
Long term deposits	1,137,500	1,137,500
Trade debts	55,178,928	48,796,786
Receivable against Margin Finance	3,723,685	10,230,215
Trade deposits	10,893,403	40,005,594
Other receivable	11,227,486	22,049,816
Cash and bank balances	18,883,066	12,195,915
	101,044,067	134,415,826
	257,030,751	209,967,248
FINANCIAL LIABILITIES		
Long term deposits		
Rental deposits	25,000	25,000
At fair value through profit or loss		
Trade and other payables	50,240,966	36,821,876
	50,265,966	36,846,876

32 FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. The Company's overall risk management focuses on the unpredictability of financial markets and seeks potential adverse effects on the Company's financial performance.

Risk managed and measured by the Company are explained below: -

- a) Credit Risk
- b) Liquidity Risk
- c) Market Risk

The Board of Directors has overall responsibility for the establishment and oversight of Company's risk management framework. The Board is also responsible for developing and monitoring the Company's risk management policies.

a) Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss, without taking into account the fair value of any collateral. Credit risk arises from the inability of the issuers of the instruments, the relevant financial institutions or counter parties in case of placements or other arrangements to fulfill their obligations. There is a possibility of default by participants and of failure of the financial markets, the depositories, the settlements or clearing system etc.



DAWOOD EQUITIES LIMITED

Exposure to credit risk

Credit risk of the Company arises principally from long term and short term investments, trade debts, loan and advances, accrued income, deposits, other receivables and bank balances. The carrying amount of financial assets represents the maximum credit exposure. To reduce the exposure to credit risk, the Company has developed its own risk management policies and guidelines whereby clients are provided trading limits according to their worth and proper margins are collected and maintained from the clients. The management continuously monitors the credit exposure towards the clients and makes provision against those balances considered doubtful of recovery.

Out of the total financial assets of Rs.220.241 million (2017 : Rs.205.446 million) the financial assets which are subject to credit risk amounted to Rs. 220.241 million (2017 : Rs.205.446 million).

All investing transactions are settled / paid for upon delivery as per the advice of investment committee. The company's policy is to enter into financial instrument contract by following internal guidelines such as approving counter parties and approving credits.

As of June 30, 2018, trade debts of Rs.133.731 million (2017 : Rs.130.509 million) are overdue for more than 360 days.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to the credit risk at the reporting date is: -

	2018	2017
	Rupees	Rupees
Long term deposits	1,137,500	1,137,500
Investments- long term and short term	119,205,304	71,030,042
Trade debts	55,178,928	48,796,786
Deposits	10,893,403	40,005,594
Receivable against Margin Finance	3,723,685	10,230,215
Other receivables	11,227,486	22,049,816
Bank balances	18,875,236	12,189,833
	220,241,541	205,439,786

The maximum exposure to credit risk for trade debts at balance sheet date amounting to Rs.55.178 million (2017 : Rs.48.797) million.

Provision for impairment losses

The aging of trade debts as at balance sheet is summarized below: -

	2018		2017	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1-30 days	21,286,679	-	46,731,048	(15,163,595)
Past due 31 days -90 days	17,945,849	-	15,667,256	(5,083,813)
Past due 90 days -1 year	32,705,168	-	4,718,198	(1,530,992)
More than one year	133,731,703	(133,731,703)	130,509,070	(130,509,070)
Total	205,669,399	(133,731,703)	197,625,572	-



DAWOOD EQUITIES LIMITED

Concentration of credit risk

Concentration of credit risk exists when changes in economic or industry factors similarly affect groups of counterparties 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 credit-worthy counterparties thereby mitigating any significant concentrations of credit risk.

b) Bank balances

Credit quality of bank balances can be assessed with reference to external credit ratings as follows:

c) Liquidity Risk

<i>Bank</i>	<i>Agency</i>	<i>Date</i>	<i>Short term rating</i>	<i>Long term rating</i>	<i>2018 Rupees</i>	<i>2017 Rupees</i>
Bank Al-Habib Limited	PACRA	June 30, 2017	A1+	AA+	836,055	1,303,679
Habib Metropolitan Bank Limited	PACRA	June 30, 2017	A1+	AA+	118,398	1,688,040
MCB Bank Limited	PACRA	June 30, 2017	A1+	AAA	289,048	6,574,696
Albaraka Bank (Pakistan) Limited	JCR-VIS	June 30, 2017	A-1	A+1	3,142,533	585,992
Bank Al-Falah Limited	PACRA	June 30, 2017	A1+	AA+	14,119,153	1,428,972
The Bank of Khyber	PACRA	June 30, 2017	A1	A	77,449	4,659
United Bank Limited	JCR-VIS	June 30, 2017	A-1+	AAA	292,600	787,379
					18,875,236	12,373,417

Liquidity risk is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due. Liquidity risk arises because of the possibility that the Company could be required to pay its liabilities earlier than expected or difficulty in raising funds to meet commitments associated with financial liabilities as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding to an adequate amount of committed credit facilities and the ability to close out market positions due to the dynamic nature of the business. The Company's treasury aims at maintaining flexibility in funding by keeping committed credit lines available.

The following are the contractual maturities of financial liabilities, including estimated interest payments:

	2018			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
Financial Liabilities				
Trade and other payables	50,240,966	50,240,966	50,240,966	-
2017				
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
Financial Liabilities				
Trade and other payables	36,821,876	36,821,876	36,821,876	-



DAWOOD EQUITIES LIMITED

d) Market Risk

Market risk is the risk that the value of the financial instrument may fluctuate as a result of changes in market interest rates or the market price due to a change in credit rating of the issuer or the instrument, change in market sentiments, speculative activities, supply and demand of securities and liquidity in the market. The Company manages market risk by monitoring exposure on marketable securities by following the internal risk management and investment policies and guidelines. Market risk comprises of three types of risk: currency risk, interest rate risk and other price risk.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. At year end, the Company is not exposed to any currency risk.

Interest Rate Risk

As reporting date the interest rate profile of the company's interest bearing financial instruments was as follows:

	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>
<u>Financial Assets</u>		
Variable Rate Instruments		
Bank balance - PLS account	<u>12,967,736</u>	<u>1,499,449</u>

Cash flow Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2016.

	<i>Effect on profit and loss</i>	
	<i>100 bp</i>	<i>100 bp</i>
	<i>increase</i>	<i>increase</i>
	<i>Rupees</i>	<i>Rupees</i>
As at June 30, 2018		
Cash flow Sensitivity - variable rate instruments	<u>129,677.36</u>	<u>14,994</u>
As at June 30, 2017		
Cash flow Sensitivity - variable rate instruments	<u>14,994</u>	<u>(5,744)</u>

The sensitivity analysis prepared is not necessarily indicative of the effects on profit for the year and assets of the Company.

Price Risk

Price risk is the risk that the fair value of future cash flows from a financial instrument will fluctuate due to changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

- Sensitivity analysis

At reporting date, if the market prices of each security held by the Company as short term investment had increased / decreased by Rupee 1 with all other variables remain constant, pre tax profit would have been higher / lower by the amount shown below. The analysis is performed on same basis for 2017.

	<i>2018</i>	<i>2017</i>
	<i>Rupees</i>	<i>Rupees</i>
Effect on profit		
Increase / Decrease	1,274,839	1,774,374

Capital risk management

The Company's objective when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The company finances its operations through equity and by managing working capital.

The Company does not obtained any financing facility and working with 100% equity financing, therefore, no gearing is identified.

e) Fair Value of Financial Instruments

The carrying values of the financial assets and financial liabilities approximate their fair values. Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in arm's length transaction.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows: -

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	<i>Rupees</i>		
June 30, 2018			
Investments at fair value through Profit and loss			
- related parties	1,328,968	-	-
- others	43,507,693	-	-
Available for sale investments - related party	-	-	36,781,380
Investments in shares of PSX	37,583,322	-	-
June 30, 2017			
Investments at fair value through Profit and loss			
- related parties	1,220,369	-	-
- others	21,007,850	-	-
Available for sale investments - related party	-	-	4,521,380
Investments in shares of PSX	41,163,828	-	-



DAWOOD EQUITIES LIMITED

33 RELATED PARTY TRANSACTIONS

Related parties comprises member companies, directors, key management personnel of member companies and various other related parties that has an interest in the Company that gives it significant influence over the Company. Details of transactions with related parties during the year are as follows: -

	<i>Note</i>	2018 <i>Rupees</i>	2017 <i>Rupees</i>
Commission earned from brokerage transactions with member companies and key management personnel of member companies		<u>3,242,344</u>	<u>3,276,158</u>
Expenses paid / payable to member companies		<u>35,338,719</u>	<u>99,000</u>
FDIBL and others Employee Provident Fund			
Employer's contribution paid	33.1	<u>324,594</u>	<u>245,191</u>

33.1 The company is part of provident fund of the group as whole according to trust deed.

Year end balances are mentioned in relevant notes.

The above transactions are at arm's length basis on commercial terms and conditions.

34 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

The directors of the Company have not drawn any remuneration during the current financial year.

None of the employees fall under the category of executives as defined in Companies Act, 2017.

35 OPERATING SEGMENT

These financial statements have been prepared on the basis of a single reportable segment which is consistent with the internal reporting used by the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

The internal reporting provided to the chief operating decision-maker relating to the Company's assets, liabilities and performance is prepared on a consistent basis with the measurement and recognition principles of approved accounting standards as applicable in Pakistan. There were no change in the reportable segments during the year.

The Company is domiciled in Pakistan. The Company's revenue is generated from shares brokerage, portfolio management, investment advisory, consultancy and underwriting services.

All non-current assets of the Company are located in Pakistan.

	2018	2017
36 NUMBER OF EMPLOYEES		
Number of employees as at year end and average for the year	<u>10</u>	<u>10</u>



DAWOOD EQUITIES LIMITED

37 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on **September 26, 2018.**

38 GENERAL

Figures have been rounded off to the nearest rupee.

Chief Executive

Director

Chief Financial Officer



DAWOOD EQUITIES LIMITED

Proxy Form

I/We, _____

of _____

Dawood Equities Limited appoint Mr./ Mrs./Ms. _____

_____ of _____

as my proxy to vote for me/us and on my / our behalf at the Annual General Meeting to be held on 25th day of October, 2018 at 8:45 a.m. and at any adjournment thereof.

As witnessed under my/our hands this _____ day of _____ 2018 _____

Signed by _____

Signature and address of the witness

Signature and address of the witness

Please affix
revenue
stamp

Signature of member



DAWOOD EQUITIES LIMITED

Affix
Correct
Postage

The Company Secretary
Dawood EQUITIES LIMITED
17th Floor, Saima Trade Tower A
I.I Chundriger Road Karachi.



DAWOOD EQUITIES LIMITED

PAYMENT OF CASH DIVIDEND THROUGH ELECTRONIC MODE

Dear Certificate Holder,

In pursuance of Section 242 of the Companies Act, 2017 which mandates all listed Companies to pay dividend only by way of electronic mode, directly into the bank account designated by the entitled shareholders.

In view of above, all cash dividends, declared by the Company in future will be directly credited into the Bank Account. Therefore, in order to comply with the directives of the Regulators in regard to payment of dividend only through electronic mode, you are requested to please provide your Bank Account details in the below mentioned format.

Name of Company:-

i) Shareholder's detail	
Name of Company	
Name of Shareholder alongwith Father/Husband name	
Folio Number	
CNIC number	
Landline number / Mobile number	
Email Address	

It is requested to **FD Share Registrar Services (Pvt) Ltd** that all my cash dividend amounts declared by the Company, may be credited into the given below bank account:

ii) Shareholder's Bank detail	
Title of Bank Account	
International Bank Account Number (IBAN)	
Bank Name	
Branch name & Address	

It is stated that the above mentioned information is correct and that I will intimate the changes in the above mentioned information to the Company's Share Registrar as soon as these occur.

Signature of shareholder

*The above information should be filled and signed alongwith a legible copy of CNIC and be returned back to the Share Registrar i.e. **FD Registrar Services (SMC- Pvt) Ltd**, Office # 1705, 17th Floor, Saima Trade Tower – A, I.I. Chundrigar Road, Karachi-74000.*

Regards,

This is a computer generated letter and does not require signature



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