



DAWOOD EQUITIES LIMITED

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2017



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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

Company Information

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	Syed Muhammad Abbas Mr. Asim Iftekhar Yakoob 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 Unted Bank Limited Burj Bank Limited MCB Bank Limited
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-810, 8th Floor, KSE Building, Stock Exchange Road, Karachi. Phone No. 021-32474028 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-XII)

Notice is hereby given that Twelfth Annual General Meeting of Dawood Equities Limited will be held at 1700 A, Saima Trade Towers, I. I. Chundrigar Road, Karachi on October 28, 2017 at 8:45 am to transact the following business:

Ordinary Business

1. To confirm the minutes of XI Annual General Meeting held on October 31, 2016.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2017 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of Auditors for the year ending June 30, 2017/2018 and to fix their remuneration. The Board of Directors have recommended for reappointment of M/s Haroon Zakaria & Company Chartered Accountants as external auditors.
4. Any other Business with the permission of the Chair.

**October 06, 2017
Karachi**

By Order of the Board

Salman Yaqoob
CFO & Company Secretary

Notes:

1. The share transfer books of the Company shall remain closed from October 20, 2017 to October 28, 2017 (both days inclusive). Shareholders are requested to notify to our Share Registrar FD Registrar Services (SMC-Pvt.) Ltd at 1705, 17th Floor, Saima Trade Tower A, I.I.Chundrigar Road, Karachi, if any change of address immediately.
2. A member entitled to attend and vote at this meeting may appoint a proxy to attend and vote on his/her behalf. No person other than a member shall act as proxy. Proxy forms, in order to be effective, must be received at the Registered Office, duly stamped and signed not less than 48 hours before the meeting.
3. The CDC account/sub-account holders are requested to bring with them their computerized National ID Cards (CNIC) along with Participant(s) ID number and their account numbers at the time of attending this meeting in order to facilitate identification of the respective shareholder(s). In respect of corporate entity, the Board of Directors Resolution/Power of Attorney with specimen signatures be produced at the time of meeting.
4. As per directives of SECP, All Shareholders are requested to submit their copy of CNIC to the Registrar for updating of record.
5. In case of individuals, the account holder or sub-account holders whose registration details are uploaded as per the Regulations shall submit the proxy form as per the above requirement. Attested copies of valid CNIC or the passport of the beneficial owners and the Proxy shall be furnished with the Proxy Form. The proxy shall produce his valid original CNIC or original passport at the time of the meeting.
6. In case of corporate entity, the Board of Directors' resolution/power of attorney with specimen signature shall be submitted (unless it has been provided earlier) alongwith proxy form to the Company.
7. The proxy form will be witnessed by two persons whose names, addresses and CNIC numbers shall be mentioned on the forms.



DIRECTORS' REPORT TO THE MEMBERS

On the behalf of Board of Directors of Dawood Equities Limited (DEL), I am pleased to present herewith Annual Report of the company for the financial year 2016-17 together with Audited Financial Statements of for the financial year and the Auditor's Report thereon.

NATURE OF BUSINESS

Dawood Equities Limited is a Public Limited Company listed on Pakistan Stock Exchange Limited. The Company is engaged in Equity Trading, Corporate Finance and Underwriting of Securities.

ECONOMIC ENVIRONMENT

Real GDP growth has maintained its upward trajectory and increased to a decade-high of 5.3 percent in FY17. The total volume of GDP has crossed \$300 billion. Some of the other macroeconomic indicators, such as subdued inflation, investment growth, and rising private sector credit, also showed an encouraging picture. However, decline in exports is overshadowing the otherwise reviving economic activity. Better agriculture had, in turn, positive spillover for trade and manufacturing sectors. Further, PSDP and CPEC-related activities also continued to boost construction related industries, such as cement and steel.

Gross Public Debt Ratio improved to 59.3 percent to GDP from 60.2 per cent to GDP last year. Per capita income increased to \$1,629 from \$1,333 last year. Government focused on higher GDP growth that brings better living conditions to the people through higher increases in per capita incomes and more job opportunities.

STOCK MARKET REVIEW

Pakistan Stock Exchange (PSX 100 Index) was ranked best market in Asia and fifth best performing stock market in the world in the year 2016-2017.

For considerably long time Pakistan stock market has remained one of the best performing markets of the world. While there is no reason to doubt this statement, during the financial year 2016-17 volatile geopolitical conditions, election in the United States, Britain and France and Britain's decision to take an exit from the European Union (EU) kept the foreign investors' focus on their domestic markets, rather than venturing into the overseas markets. During financial year 2016-17, the benchmark index of Pakistan Stock Exchange (PSX) opened the year at 37,966.76, touched a new high of 52,876.46, slipped to 44,914.45 but finally managed to close the year at 46,565.29 points. The story of this rise and fall can be attributed to various factors. If one excludes local political uncertainty and geopolitical factors, the performance seems pretty good. The most important development of this year was Pakistan's re-classification from MSCI Frontier Markets to Emerging Markets. The other factors resulting in the market exhibiting decent performance were improving macros, better law and order situation and increased investments on account of China Pakistan Economic Corridor (CPEC).

FINANCIAL PERFORMANCE

Our financial results reflect better performance fuelled by growth in market volumes and values. The Company earned core operating revenue of Rs.32.3 million as compare to Rs.20.67 million in last year. During the year under review, your Company's year - end profit after tax was PKR 10.9 million translates to earnings of PKR 0.44 per share. The profit has been reduced on account of recognition of provision amounting to Rs. 70 million in line with regulation no 34(2)(h) of Securities Brokers (licensing & operations) Regulation 2016.



DAWOOD EQUITIES LIMITED

The summary of Financial Results is as follows:

	June 30, 2017 Rupees	June 30, 2016 Rupees	% Change
Net Revenue	32,293,531	20,677,611	56.18
Capital gain / (loss) on disposal of investments - net	55,347,532	(408,188)	-
Administrative Expenses	(15,690,135)	(12,559,714)	24.9
Profit after tax	15,448,129	1,502,948	927.8
Earnings per share basic and diluted	0.44	0.04	1000

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 EVENTS

No circumstances have arisen since the Balance Sheet date, which require adjustment to disclosure in the Financial Statements. Since 2013 DEL is in profit and recovering its losses and Directors believes that once those losses recovered, they will declare dividend in the interest of all shareholders.

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:



DAWOOD EQUITIES LIMITED

- 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, 2017. 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:

- 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. Value of DEL Employees Provident Fund is Rs.2,330,731/- as at June 30, 2017.

EMPHASIS OF MATTER PARAGRAPH IN AUDITORS' REPORT

We would like to inform the users of the financial statements that Registered office of Dawood Equities Limited (DEL) situated on 19th floor Saima Trade Tower-B I.I. Chundrigar Road, Karachi was completely burnt due to fire on April 29, 2017 destroyed all records and book of account of the company and accordingly DEL will carry out its operation activities through it Corporate office No.410 New Stock Exchange Building of Pakistan Stock Exchange Limited.

We further draw attention of the users of the financial statements to the note 8.1 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.

We also draw attention of the users of the financial statements to the note 12.2 which states that Rs. 7.14 million recovered by tax authorities relating to Tax Year 2013 for which our tax advisor is of the view that these are refundable to the company based on appellate order No. 37/2017.



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, 2017, as required under the listing regulations, has been appended to the Annual Report.

BOARD 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 Khanum	4	4
Mr. Saifullah	4	N/A
Mr. Muhammad Abbas	4	N/A
Mr. Muhammad Khalid	4	4

FUTURE OUTLOOK

The future prospects of DEL looks positive on account of growing market volumes with our increasing market share. We are targeting to generate better volumes from our existing local clients. We are confident that our team has the capacity to contribute to improving our market share by leveraging our strengths. 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 and also diversify its services in other market segments in order to strengthen its revenue resources.

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.

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi: September 29, 2017



بطرف ممبر ڈائریکٹرز رپورٹ:

ممبر کی طرف ڈائریکٹرز رپورٹ:

داؤد ایکویٹیز لمیٹڈ (ڈی ای ایل) کے بورڈ آف ڈائریکٹرز کی طرف سے مالی سال 2016، 2017ء کے لئے کمپنی کے سالانہ رپورٹ کے ساتھ مالی سال کے لئے آڈٹ شدہ مالیاتی گوشوارہ جات اور اس پر آڈٹرز رپورٹ پیش کرتے ہوئے اجنبانی خوشی ہے۔

کاروبار کی نوعیت:

داؤد ایکویٹیز لمیٹڈ پاکستان اسٹاک ایکچینج لمیٹڈ پر درج شدہ ایک پبلک لمیٹڈ کمپنی ہے۔ کمپنی تجارتی حصص ادارہ جاتی قرضہ جات اور ضمانتوں کے بیچ میں مصروف عمل ہے۔

معاشی ماحول:

حقیقی مجموعی قومی پیداوار کی شرح نمونے اوپر کی جانب ستر کو برقرار رکھا ہوا ہے اور مالی سال 2017ء میں 5.3% کی دہائی کی سب سے بلند تک بڑھ چکی ہے۔ مجموعی قومی پیداوار کے کل حجم نے 300 ارب ڈالری حد سے تجاوز کر لیا ہے۔ دیگر اقتصادیات کی کے اشاریے میں سے کچھ جیسے انفرادی گھریلو خرچہ سرمایہ کاری میں اضافہ اور نجی شعبے میں قرضہ جات کی فراہمی میں اضافے نے بھی حوصلہ افزا تصور برک کی ہے۔ تاہم برآمدات میں کمی نے معاشی سرگرمی کے احیا کو گن گلا دیا ہے۔ زراعتی پیداوار کے بہتر نتائج نے تجارت اور ایشیا، سازی کے شعبوں میں مثبت پیش رفت رکھائی۔ مزید یہ کہ پی ایس ڈی پی اور سی بی کے متعلق سرگرمیوں نے بھی تیز رفتاری سے واپس صنعتوں کو خوب بڑھاپا چڑھایا جیسے سینٹ اور فولاد کی صنعتیں۔

مجموعی عوامی قرضہ جات (یعنی ریاستی قرضہ) سے مجموعی ملکی پیداوار کا تناسب پچھلے سال 59.3% سے بڑھ کر 60.2% ہو گیا ہے۔ فی کس آمدن پچھلے سال کے 1,333 امریکی ڈالر سے بڑھ کر 1,627 امریکی ڈالر ہو گیا۔ حکومت نے بلند تر مجموعی قومی پیداوار کی شرح نمو پر مرکوز رکھی جس سے لوگوں کی فی کس آمدن میں اضافے اور روزگار کے زیادہ مواقع کی تشکیل کے ذریعے بہتر طرز زندگی کے حصول میں مدد ملی ہے۔

بازار حصص کا جائزہ:

پاکستان اسٹاک ایکچینج (پی ایس اے) میں 100 انڈیکس (مالی سال 2016 اور 2017ء میں) ایشیا کی بہترین مارکیٹ اور دنیا کی نمبر پانچ سب سے بہتر کارکردگی والی اسٹاک مارکیٹ قرار پائی۔ قابل ذکر کٹو میں عرصے کے لئے پاکستان اسٹاک مارکیٹ دنیا کی بہترین کارکردگی کی حامل مارکیٹوں میں سے ایک رہی۔ مالی سال 2016 اور 2017ء کے دوران اس کام میں کوئی شبہ نہیں ہے کہ غیر ملکی ہنجر افغانی عالمی سیاسی صورتحال امریکہ میں انتخابات برطانیہ اور فرانس میں عام انتخابات اور برطانیہ کا یورپی یونین سے علیحدگی کا فیصلہ وحوال ہیں جس نے غیر ملکی سرمایہ کاروں کی اسکے ملکوں میں مارکیٹیں پر توجہ کو مرکوز رکھا ہے جسے اس کے وہ غیر ملکی مارکیٹوں میں کوئی ہم جوتی کرے۔

مالی سال 2016 اور 2017ء کے دوران پاکستان اسٹاک ایکچینج (پی ایس اے) کے شیئنگ مارک انڈیکس نے سال کے آغاز پر 37,966.79 روپا، 52,876.46 کی نئی بلندی کو چھو لیا۔ پھر پھر مل کر 44,914.45 پر آ گیا لیکن بالآخر سال کے اختتام پر 46,565.29 پوائنٹس پر بند ہوا۔ عروج و زوال کی اس داستان کو کوئی حوالہ سے منسوب کیا جاسکتا ہے۔ اگر کوئی متاثر سیاسی غیر ملکی اور سیاسی ہنجر افغانی حوالہ کو خارج کر دے تو کارکردگی کافی اچھی رہے۔ اس سال کی سب سے اچھی پیش رفت پاکستان کی ایم ایس سی آئی فرنیچر مارکیٹس سے ایئر بزنس مارکیٹس میں از مرودہ بندہ بندی تھی۔ دیگر حوالہ جو مارکیٹ میں اچھی کارکردگی کے مظاہر کے پرچہ ہوئی اقتصادی ترقی میں بہتری، امن و امان کی بہتر صورتحال اور سی بی کے عرصے سرمایہ کاری میں اضافہ شامل ہے۔

مالیاتی کارکردگی:

ہمارے مالیاتی نتائج بہتر کارکردگی کے عکاس ہیں جو مارکیٹ حجم اور مالیت میں اضافے سے متحرک ہوئے۔ کمپنی نے پچھلے سال میں 20.67 ملین روپے کے مقابلے میں 32.3 ملین روپے کے بنیادی ملکی محصولات حاصل کئے۔ زبرد جانو دو سال کے دوران آپ کی کمپنی کا سال آخر کا بعد انڈیکس منافع 10.9 ملین روپے تھا تاہم 0.44 روپے فی حصص آمدنی کو ظاہر کرتا ہے۔ مقررات کی منظوری کی وجہ سے جو کہ سیکورٹیز پروڈر (لائسنسڈ اینڈ آپریٹنگ) رجسٹریشن 2016ء کے ضابطے نمبر (h)(2) 34 کی مطابقت میں 70 ملین روپے کی مالیت تک تھا۔ جس سے منافع میں کمی واقع ہو گئی۔



مالیاتی نتائج کا خلاصہ درج ذیل ہے :

	30 جون 2016ء	30 جون 2017ء	
% تبدیلی	روپے	روپے	
56.18	20,677,611	32,293,531	خالص محصولات
-	(408,188)	55,347,532	سرمایہ کاریوں کے خاتمے پر سرمائے کا حصول / (تفاسات)
24.9	(12,559,714)	(15,690,135)	انتظامی اخراجات
927.8	1,502,948	15,448,129	منافع بعد از ٹیکس
1000	0.04	0.44	فی حصص آمدن بنیادی اور تھیفٹ

موافقت کا بیان :

آپ کی کمپنی نے پاکستان اسٹاک ایکسچینج لمیٹڈ پر اندراج سے اب تک ادارہ جاتی نظم کے ضابطے کی دفعات کا نفاذ کیا ہے۔ بیرونی آڈٹرز ادارہ جاتی نظم کے ضابطے سے موافقت کے بیان پر ۱۷ دسمبر ۲۰۱۷ء کے رپورٹ میں جائزہ پیش کر چکے ہیں۔ ان کا جائزہ رپورٹ اس رپورٹ سے منسلک کر دیا گیا ہے۔

ضابطہ اخلاق کا بیان :

داؤد انویسٹمنٹس لمیٹڈ کے بورڈ آف ڈائریکٹرز نے ضابطہ اخلاق کے دو گروہوں کو اختیار کیا ہے۔

واقعات بعد از میزانیہ :

تاریخ میزانیہ سے اب تک کوئی ایسی صورت حال پیدا نہیں ہوئی ہے جس کی وجہ سے مالیاتی گروہوں میں کسی اختلاف اظہار میں درنگی درکار ہو۔ 2013ء سے ذی ایلی ایک منافع ادارہ ہے اور تفاسات کا ازالہ کیا ہے اور ڈائریکٹرز یقین رکھتے ہیں کہ ایک بار تمام تفاسات کا ازالہ ہو جائے تو پھر وہ تمام شیئرز ہولڈرز کے منافع میں منقسم کا اعلان کریں گے۔

جڑے ہوئے افراد / متعلقہ فریقین کے ساتھ لین دین :

آپ کی کمپنی اور جڑے ہوئے افراد / متعلقہ فریقین نے مابین تمام لین دین بمطابق حیثیت کی بنیاد پر کئے ہیں۔ ان لین دین کے جس کا جو ایکٹیل سے مندرجہ ہو۔

انسانی وسائل اور مشاہیرات کمیٹی (HR&C) :

ادارہ جاتی نظم کے ضابطے کے ساتھ موافقت میں بورڈ آف ڈائریکٹرز نے ایک انسانی وسائل اور مشاہیرات کمیٹی تشکیل دی ہے جس کے ارکان بورڈ آف ڈائریکٹرز کی جانب سے مقرر تین ڈائریکٹرز پر مشتمل ہوتے ہیں۔

آڈٹ کمیٹی :

آڈٹ کمیٹی بورڈ کی جانب سے ادارہ جاتی نظم کے ضابطے کی شرط کے تحت تشکیل دی گئی ہے۔ یہ بورڈ آف ڈائریکٹرز کی جانب سے مقرر کردہ تین خود مختار ڈاؤڈ انویسٹمنٹس پر مشتمل ہوتی ہے۔ دو سالہ آڈٹ کمیٹی ڈائریکٹرز کے انتخاب کے بعد از سر نو تشکیل دی گئی تھی۔

انٹرنل کنٹرول اور افعال آڈٹ :

بورڈ ایک ایسے انٹرنل کنٹرول سسٹم کے موثر نفاذ کیلئے ذمہ دار اور مسئول ہے جس میں کنٹرول کے طریقہ کار کے ساتھ عمل ہم آہنگی بھی شامل ہے۔ آڈٹ کمیٹی نے وسیع تر افعال اور کردار کی نشاندہی کیلئے بیرونی ذرائع سے انٹرنل آڈٹ فنکشن حاصل کیا ہے جس کے کام درج ذیل ہیں۔



DAWOOD EQUITIES LIMITED

- ۱ موافقت کا جائزہ جو واضح اور متعلقہ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں لاگو ہیں اور بورڈ کی جانب سے تنظیمیں کر دھمت پائے عملی اور طریقہ کار کی پاسداری کی نگرانی کیلئے ذمہ دار ہے۔
- ۲ اکاؤنٹنگ اور داخلہ کنٹرول سسٹم کا جائزہ۔
- ۳ اعمال و افعال (معنی آؤٹس آؤف ایف) ایم آؤٹس کیلئے اگست) کی پختہ دستاویز اور موثر کا جائزہ۔
- ۴ مالیاتی اور عملی معلومات کی جانچ پڑتال۔
- ۵ نمایاں خطرات کی نشاندہی کے ساتھ امانت اور مدد۔

وقف کردہ اخراجات آؤٹ اپنے مقاصد کی تکمیل میں ایک منظم ممبروں پر مشتمل کمیٹی کے ذریعے اس کے نظم و نسق کے طریقہ کار کے کنٹرول اور خطرات کی نظم کاری کی موثریت کو بہتر بنانے اور اسکی تخفیف و تخمینہ کرتے ہوئے اس میں مدد کرتا ہے۔ یہ ایک ایسا کنٹرول ہے جو دیگر کنٹرول کی موثریت اور موثریت کی تخمینہ و تخفیف اور نگرانی کے ذریعے کام کرتا ہے۔

اداجاتی نظم کے بہترین طور طریقوں سے ہم آہنگی :

30 جون 2017 کو ختم ہونے والے سال کے لئے متعلقہ ادارہ جاتی نظم کے ضابطہ کی صنعت کا تقاضا آپ کی کمیٹی نے کر دیا ہے۔ ادارہ جاتی نظم کے ضابطہ کی پاسداری کے گوشوارہ پر ایکسٹرن؛ آڈیٹرز یو رپورٹ میں ای سی بی پاکستان اسٹاک ایکسچینج کے احکامات کے مطابق اس رپورٹ میں منسلک ہے، ڈائریکٹرز بذریعہ ہذا درج ذیل حسن نظم کے ضابطہ اور ضابطہ کی متعلقہ شقات سے مطلوب کارہ جاری اخلاق کے طور طریقوں کی توثیق کرتے ہیں۔

- الف۔ کمیٹی کے حسابات کی مناسبت کتب برقرار رکھی گئی ہیں۔
- ب۔ مالیاتی گوشوارہ جات اس کے امور کار اسکے افعال کے نتائج اور نقد بہاؤ اور حصص میں تبدیلیوں کو مستحفظ طور پر پیش کرتے ہیں۔
- ج۔ مناسب حساباتی حکمت عملی کو مالیاتی گوشوارہ جات کی تیاری میں مستعمل ہونے کا کارا یا جاننا رہا ہے اور حساباتی حکمت عملی میں کسی بھی تبدیلی کو مالیاتی گوشوارہ جات میں ظاہر کر دیا گیا ہے۔ حساباتی تخمینہ جات بھی درکار ہیں وہ مقبول اور جاننا آراء پر مبنی ہیں۔
- د۔ انٹرنیشنل اکاؤنٹنگ اسٹینڈرڈز جیسا کہ پاکستان میں لاگو ہیں مالیاتی گوشوارہ جات کی تیاری میں ان کی پیروی کی جاتی رہی ہے اور ان میں کسی قسم کے اعتراض کو مناسب طور پر ظاہر کیا گیا ہے اور اسکی وضاحت پیش کی گئی ہے۔
- ه۔ داخلہ کنٹرول کا نظام تنظیم کے لحاظ سے ایسا ہے اور اسے موثر طور پر نافذ کیا گیا ہے اور اسکی نگرانی کی جاتی رہی ہے۔
- و۔ کمیٹی کی رپورٹ ایک جاری کاروبار سلسلہ کی صلاحیت پر کوئی شک و شبہ نہیں ہے۔
- ز۔ ادارہ جاتی نظم کو بہترین طور طریقوں سے ذمہ دار برابری اخراج نہیں ہے۔
- ح۔ ڈائریکٹرز اسٹریٹجی، ایف او اور کمیٹی سکریری اسکے ذمہ داری اور نکلے تابع بچوں کی جانب سے کمیٹی کے حصص میں کوئی تجارت نہیں کی گئی۔
- ط۔ 30 جون 2017ء کے مطابق ڈی ای ایل ایپلائیڈ پروویڈنٹ فنڈ کی مالیت 2,330,731 روپے ہے۔

آڈیٹرز رپورٹ میں موضوع پیراگراف کی تاکید :

ہم مالیاتی گوشوارہ جات کے استعمال کرنے والوں کو مطلع کرتا جا رہے ہیں کہ وہ ڈاکیومنٹیشن کا ریزرو دفتر جو کہ جائزہ لینا اور۔ بی 19 ویں منزل پر بمقام آئی آئی چنڈر گیلروڈ کراچی واقع تھا مورخہ 19 اپریل 2017ء میں عملی طور پر بند کیے جانے کے بعد سے کمیٹی کے حسابات کی کتاب اور تمام ریکارڈز برابری کے لیے اور ڈی ای ایل ایس کے مطابق اپنے تمام اعمال سرگرمیوں کو اسکے کارپوریٹ آفس واقع دفتر نمبر 410، نیو اسٹاک ایکسچینج بلڈنگ آف پاکستان اسٹاک ایکسچینج لیمنڈ سے انجام دے گا۔

ہم مالیاتی گوشوارہ جات کے استعمال کرنے والوں کی مزید توجہ مالیاتی گوشوارہ جات کے لئے ملاحظہ نمبر 8.1 کی طرف پر دستاویز مندرجہ ذیل کرتے ہیں جو کہ کمیٹی کی جانب سے پانچ سال کے لئے وضع کردہ برنس پر دستاویزی موثر شدہ ٹیکس، اثاثہ جات کے متعلق ہے۔ اس بیان یا منصوبہ میں کچھ تبدیلی فریضات شامل ہیں جو کہ کمیٹی کے مزید قابل ٹیکس منافع جات کے بنیادی اثاثہ جات کے آغاز میں بروئے کار لائے جائیں گے۔

ہم مالیاتی گوشوارہ جات کے استعمال کرنے والوں کی توجہ نمبر 12.2 پر بھی لانا چاہیں گے جو کہ بیان کرتا ہے کہ ٹیکس سال 2013ء سے متعلق ٹیکس احکام کی جانب سے 7.14 ملین روپے وصول کر لئے گئے ہیں جس کے لئے ہمارے ٹیکس کو قابل واپسی ہے۔



ادارہ جاتی اور دفتری پاساری :

کینیڈین کرنری کے چیئرمین کے راجسٹرار کے پاس سالانہ کوٹھواہ جمع کرانے کے جزو کے طور پر ایک سکرٹریٹل کمپلائنس سرنٹیفیکٹ پیش کر دی ہے تاکہ کینیڈا راجسٹریس 1984 ویسٹوور نیلام اینڈ آرگنائز آف ایسوی ایشن آف آئی سی کی سکرٹریٹل اور کارپوریشن ٹرانزیکشن کی تصدیق ہو جائے اور مندرجہ ضابطوں کی حسب درکار پاسداری کی جائے۔

شیشر ہولڈنگ کا اسلوب :

شیشر ہولڈنگ کا مفصل اسلوب اور 30 جن 2017ء کے برطانوی کینیڈین کے شیشر ہولڈرز کی کٹیگریز جیسا کہ مندرجہ ضابطہ کے تحت درکار ہیں اس سالانہ رپورٹ میں شام کر دیئے گئے ہیں۔

بیورہ اجلاس :

زیر جائزہ سال کے دوران بیورہ آف ڈائریکٹرز کے 14 اجلاس اور آڈٹ کٹیٹی کے بھی 14 اجلاس منعقد ہوئے۔ بیورہ آڈٹ کٹیٹی ممبران کی حاضرانی درج ذیل رہی :

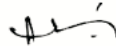
ڈائریکٹرز کے نام	بیورہ اجلاس	آڈٹ کٹیٹی اجلاس
جناب عبدالعزیز حبیب	4	دستياب نہیں
جناب جنید زکریا ڈاڈا	4	دستياب نہیں
جناب عاصم افتخار	4	4
جناب روبینہ خانم	4	4
جناب سید اللہ	4	دستياب نہیں
جناب محمد عباس	4	دستياب نہیں
جناب محمد خالد	4	4

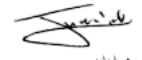
مستقبل کی توقع :

ڈی ای ایل کے مستقبل کے امکانات کافی مثبت دکھائی دیتے ہیں جس کی وجہ مارکیٹ میں ہمارا بڑھتا ہوا اشتراک دھنے کے ساتھ مارکیٹ ہم میں مسلسل اضافہ ہے۔ ہم ہمارے موجودہ مقامی صارفین سے بہتر ہم کی تشکیل کا ہدف بنائے ہوئے ہیں۔ ہمیں یقین ہے کہ ہماری نیم ہماری طاقت و استطاعت کو استعمال کرتے ہوئے ہمارے مارکیٹ حصے کو بہتر بنانے میں امانت کی صلاحیت رکھتی ہے۔ کینیڈا کی تعمیر مستقبل قریب پر مرکوز ہے تاکہ بیسک ٹریڈنگ سٹورک کے ذریعے اسکے بروکریج بزنس کے مارکیٹ شیئر میں مزید اضافہ کیا جائے اور آٹ لائن ٹریڈنگ کے ذریعے زیادہ سے زیادہ بیلنڈ ایوم کو بڑھایا جائے اور اسکے محصولات کے ذرائع کو تقویت دینے غرض سے مارکیٹ کے دیگر شعبوں میں بھی اس کی خدمات کے دائرے کو پھیلا یا جائے۔

آڈٹرز :

بارون زکریا اینڈ کینیڈین چارٹڈ اکاؤنٹنٹس نے ان کا کام مکمل کر لیا ہے اور اب وہ سکدش ہو چکے ہیں چونکہ وہ اہل ہیں اس لئے خود کو از سر نو تقرری کے لئے دوبارہ پیش کر دیا ہے۔ آڈٹ کٹیٹی کی سفارشات کی بنیاد پر بیورہ نے 30 جن 2018 کو ختم ہونے والے مالیاتی سال کے لئے بارون زکریا اینڈ کینیڈین چارٹڈ اکاؤنٹنٹس کو دوبارہ ایکویٹی لیمٹڈ کے آڈٹ کے طور پر دوبارہ تقرری کے لئے مزید سفارش کر دی ہے۔


عبدالعزیز حبیب
چیف ایگزیکٹو آفیسر


جنید زکریا
چیئرمین
کراچی 29 ستمبر 2017ء



DAWOOD EQUITIES LIMITED

Pattern Of Share Holding - Form "34"
Shareholders Statistics As At June 30, 2017

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
96	1	100	1,547
2183	101	500	1,086,799
306	501	1,000	302,499
370	1,001	5,000	963,252
95	5,001	10,000	744,132
24	10,001	15,000	317,526
12	15,001	20,000	213,877
17	20,001	25,000	391,907
7	25,001	30,000	196,100
6	30,001	35,000	199,278
8	35,001	40,000	304,090
2	40,001	45,000	87,501
3	45,001	50,000	145,751
3	50,001	55,000	159,500
1	55,001	60,000	58,500
1	60,001	65,000	61,000
1	65,001	70,000	70,000
2	70,001	75,000	150,000
1	75,001	80,000	80,000
2	80,001	85,000	169,000
1	85,001	90,000	86,330
1	90,001	95,000	93,500
5	95,001	100,000	496,846
1	120,001	125,000	123,500
1	155,001	160,000	158,350
1	170,001	175,000	174,500
2	195,001	200,000	400,000
2	220,001	225,000	443,533
2	225,001	230,000	460,000
1	245,001	250,000	250,000
1	350,001	355,000	350,300
1	485,001	490,000	490,000
1	505,001	510,000	506,500
1	575,001	580,000	576,000
1	595,001	600,000	600,000
1	850,001	855,000	851,751
1	980,001	985,000	984,500
1	1,125,001	1,130,000	1,129,700
1	1,795,001	1,800,000	1,800,000
1	2,510,001	2,515,000	2,513,000
1	3,145,001	3,150,000	3,150,000
1	3,655,001	3,660,000	3,659,431
3,169			25,000,000

Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
Individuals	3,145	16,797,822	67.19
Financial Institutions	4	3,834,500	15.34
Investment Companies	4	1,246,501	4.99
Joint Stock Companies	13	335,030	1.34
Modaraba Company	1	1,800,000	7.20
Insurance Companies	1	1,647	0.01
Mutual Fund	1	984,500	3.94
	3,169	25,000,000	100.00



DAWOOD EQUITIES LIMITED

**Details of Pattern of Share holding as Per requirements of
Code of Corporate Governance as on June 30, 2017**

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	23		8,200,531	32.80

Shareholders holding Shares 5% or more

Total Paid up Capital	25,000,000	Shares Holding	%
Ayaz Dawood		4,822,131	19.289
The Bank Of Khyber		3,750,000	15.000
Asim Abdul Ghani		2,513,000	10.052
B.R.R. Guardian Modaraba		1,800,000	7.200



DAWOOD EQUITIES LIMITED

FINANCIAL HIGHLIGHTS

Financial Year ending June30,	2,017	2,016	2,015	2,014	2,013	2,012
Operating Results						
Operating Revenue	32,293,531	20,677,611	17,716,575	13,567,521	7,723,326	3,615,580
Capital (Loss) Gain on disposal investment-net	51,347,532	(408,188)	2,936,657	347,496	1,757,630	(72,825)
Loss/Gain on remeasurement of investments carried at fair value of through profit and loss.	(1,553,406)	176,344	(568,478)	53,137	2,426,430	(1,520,861)
Administrative Expenses	(15,690,135)	(12,559,714)	10,367,520	10,017,906	7,222,355	7,281,577
Financial Charges	(102,712)	(57,897)	64,227	74,871	(54,591)	(58,827)
Other Operating Income	2,609,555	1,504,079	4,210,716	9,091,369	569,110	9,141,707
Other Charges	(73,382,574)	(9,830,310)	(563,850)	(971,832)	(214,282)	(21,946,809)
(Loss)/Profit before taxation	(4,478,209)	(498,075)	13,299,873	11,994,914	4,985,26,	(18,123,612)
Taxation	15,448,129	1,502,948	33,319,263	(1,064,585)	(103,799)	(243,398)
(Loss)/Gain after taxation	10,969,920	1,004,873	46,619,136	10,930,329	4,881,469	(18,367,010)
EPS	0.44	0.04	1.87	0.44	0.20	(0.73)
Pay outs						
Dividend						
Bonus%						
Capital & Reserve						
Authorised Share Capital	300,000,000	300,000,000	300,000,00	300,000,00	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	7,277,424	(26,415,915)	(27,228,434)	(74,208,234)	(88,876,211)	(93,757,680)
Share Application Money						
Assets & Liabilities						
Total Assets	294,089,300	240,300,861	258,749,308	216,794,729	182,916,871	180,140,999
Current Assets	177,086,635	156,356,670	168,231,221	161,576,802	123,463,791	120,357,486
Current Liabilities	36,821,876	16,751,776	36,012,742	41,037,963	21,828,082	23,933,679



Statement of Compliance with the Code of Corporate Governance

Name of Company: Dawood Equities Limited

Year Ended: June 30, 2017

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in RULE No. 5.19 of Pakistan Stock Exchange Limited Rule Book for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

The Company has applied the principles contained in the CCG in the following manner:

1. The Company encourages representation of independent non-executive directors and directors representing minority interests on the Board of Directors. At present the Board has seven directors which include:

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 Iffikhar Yaqub
	Mr. Rubina Khanum

The independent directors meet the criteria of independence under clause 5.19.1 (b) of the CCG. The casual vacancy of director will be filled within 90 days as per code of corporate governance.

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this Company.
3. All the resident directors of the Company are registered tax payers and none of them has defaulted in payment of any loan to a banking company, a Development Finance Institution (DFI) or a Non-Banking Finance Institution (NBFI) or, being a member of a stock exchange, has been declared as defaulter by that stock exchange.
4. No Casual vacancy has occurred during the period ended June 30, 2017.
5. The company has developed "Code of Conduct" and appropriate steps are taken to disseminate it throughout the company along with its supporting policies and procedures.
6. 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.
7. All the powers of the Board have duly executed and decisions on material transactions, including appointment and determination of remuneration and terms and conditions or employment of the CEO, other executive and non-executive directors, have been taken by the Board/Shareholders.
8. The meetings of the Board were presided over by the Chairman and, in his absence, by a director elected by the Board for this purpose and the Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers, were appropriately recorded and circulated. The minutes of the meetings were appropriately recorded and circulated.
9. The directors at the Board are adequately trained to perform their duties and have been provided in-house presentation to acquaint them on their roles and responsibilities under the requirements of CCG. During this financial year, none of the director has attended any training program of Corporate Governance due to their busy schedule. However, Company has planned the same for the coming year.



DAWOOD EQUITIES LIMITED

10. No new appointment of CFO and Company secretary has been made during the year. Appointment of Head of internal audit is in process.
11. The directors' report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.
12. The financial statements of the Company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the Company other than that disclosed in the pattern of shareholding.
14. The Company has complied with all the corporate and financial reporting requirements of the CCG except as said in Para 9 and 10 above.
15. The Board has formed an Audit Committee. It comprises three members, of whom all are non-executive directors and the Chairman of the Committee is independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of reference of the Committee have been framed and advised to the Committee for compliance.
17. The Board has formed an HR and Remuneration Committee. It comprises three members; all of them including Chairman are non-executive directors.
18. The company has outsourced internal audit function to Sajid & Co. chartered accountants who are considered suitably qualified and experienced for the purpose and are conversant with the policies and procedures of the company.
19. The statutory auditors of the Company have confirmed that they have been given a satisfactory rating under the quality control program of the Institute of Chartered Accountants of Pakistan (ICAP), that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Association of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The closed period, prior to the announcement of interim/final results and business decisions, which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange.
22. Material/price sensitive information has been disseminated among all participants at once through stock exchange, if any.
23. We confirm that all other material principles enshrined in the CCG have been complied with.

On behalf of the Board of Directors

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi
Dated: September 29, 2017



AUDITORS' REPORTS TO THE MAMBERS

We have audited the annexed Balance Sheet of **Dawood Equities Limited** as at June 30, 2017 and related profit and loss account, statement of comprehensive income, statement of cash flow and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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

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

- (a) in our opinion, proper books of accounts have been kept by the company as required by the Repealed Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Repealed Companies Ordinance, 1984 and are in agreement with the books of accounts and are further in accordance with accounting policies consistently applied;
 - (ii) the expenditure incurred during the year was for the purpose of the Company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the Company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, statement of cash flow and statement of changes in equity together with the notes forming part thereof confirm with approved accounting standards as applicable in Pakistan, and, give the information required by the Repealed Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2017 and of the profit, its comprehensive income, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Emphasis of matters

We draw attention towards note 1.1 of the financial statements which describes the fire event occurred on April 29, 2017, along with backup recovery status.

We also draw attention towards note 8.1 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. However, uncertainty is attached with the realization of recognized deferred tax asset.

We also draw attention of the users of the financial statements to the note 12.2 which explains the reason for not charging off tax amount of Rs.7.14 million recovered by FBR from the company.

Our opinion is not qualified in respect of these matters.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated:

Engagement Partner:
Farhan Ahmed Memon



DAWOOD EQUITIES LIMITED

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

We have reviewed the enclosed Statement of Compliance with the best practices contained in the Code of Corporate Governance (the Code) prepared by the Board of Directors of DAWOOD EQUITIES LIMITED for the year ended June 30, 2017 to comply with the requirements of Rule Book of Pakistan Stock Exchange Limited Chapter 5, Clause 5.19.24(b) of the code, where the company is listed.

The responsibility for compliance with the Code is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the Company's compliance with the provisions of the Code and report if it does not and to highlight any non-compliance with the requirements of the Code. 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 Code.

As part of our audit of 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.

Further, the Code requires 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 of its related party transaction distinguishing between transaction carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price and recording proper justification for using such alternate pricing mechanism. We are only required and have ensured compliance of this requirement to the extent of the approval of the related party transactions by the Board of Directors upon recommendation of the Audit Committee. We have not carried out any procedures to determine whether the related party transactions were undertaken at arm's length prices 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 best practices contained in the Code as applicable to the Company for the year ended June 30, 2017.

We draw attention to below instances of non-compliance with the requirements of the Code as are reflected in the Statement of Compliance.

S. No.	Paragraph Reference	Description
1	9	Company has planned director training program for the coming year and during the year no such program is attended by directors other than those already exempted.
2	10	There is no head of Internal Audit to act as coordinator between the firm of External auditor and the Board.

Reanda Haroon Zakaria & Company
Chartered Accountants

Place: Karachi
Dated:



**Audited Financial Statements
For The Year Ended
June 30 2017**





DAWOOD EQUITIES LIMITED

**Balance Sheet
As At June 30, 2017**

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	4	14,551,898	341,236
Intangible assets	5	5,000,000	5,000,000
Long term investment	6	41,163,828	40,242,140
Long term deposits	7	1,137,500	1,137,500
Deferred taxation	8	55,149,439	37,223,315
		117,002,665	83,944,191
Current Assets			
Short term investments	9	29,866,214	18,381,327
Trade debts	10	48,796,786	90,447,558
Receivable against margin finance		10,230,215	-
Trade deposits and short term prepayments	11	40,409,094	8,940,945
Other receivable	12	22,049,816	17,907,402
Tax refunds due from government	13	13,538,595	8,173,175
Cash and bank balances	14	12,195,915	12,506,263
		177,086,635	156,356,670
Total Assets		294,089,300	240,300,861
<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	15	249,965,000	249,965,000
Reserves	16	7,277,424	(26,415,915)
		257,242,424	223,549,085
Non Current Liabilities			
Rental deposits		25,000	-
Current Liabilities			
Trade and other payables	17	36,821,876	16,751,776
Contingencies and Commitments	18	-	-
Total Equity and Liabilities		294,089,300	240,300,861

The annexed notes from 1 to 35 form an integral part of these financial statements



Chief Executive



Director



DAWOOD EQUITIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2017**

	<i>Note</i>	<i>2017 Rupees</i>	<i>2016 Rupees</i>
Operating revenue	19	32,293,531	20,677,611
Capital gain / (loss) on disposal of investments - net	20	51,347,532	(408,188)
(Loss) / gain on remeasurement of investments carried at fair value through profit and loss	21	<u>(1,553,406)</u>	176,344
		82,087,657	20,445,767
Administrative expenses	22	<u>(15,690,135)</u>	(12,559,714)
		66,397,522	7,886,053
Financial charges	23	<u>(102,712)</u>	(57,897)
		66,294,810	7,828,156
Other operating income	24	2,609,555	1,504,079
Other operating charges	25	<u>(73,382,574)</u>	(9,830,310)
Loss before taxation		(4,478,209)	(498,075)
Taxation	26	<u>15,448,129</u>	1,502,948
Profit after taxation		<u>10,969,920</u>	1,004,873
Earning per share - Basic and diluted	27	<u>0.44</u>	<u>0.04</u>

The annexed notes from 1 to 35 form an integral part of these financial statements


Chief Executive


Director

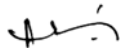


DAWOOD EQUITIES LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2017

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
Profit for the year	10,969,920	1,004,873
Other comprehensive income	22,723,419	360,664
Total comprehensive income for the year	<u>33,693,339</u>	<u>1,365,537</u>

The annexed notes from 1 to 35 form an integral part of these financial statements



Chief Executive



Director



DAWOOD EQUITIES LIMITED

STATEMENT OF CASH FLOW.
FOR THE YEAR ENDED JUNE 30, 2017

	2017 <i>Rupees</i>	2016 <i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(4,478,209)	(498,075)
Adjustment for non cash items:		
Depreciation	597,443	136,539
Loss / (gain) on remeasurement of investment	1,553,406	(176,344)
Capital (gain) / loss on disposal of investment	(51,347,532)	408,188
Dividend income	(762,196)	(2,031,055)
Loss due to fire	178,533	-
Decline in value of TREC	-	8,663,818
Reversal for doubtful debts	(135,000)	(180,000)
Gain on sale of vehicle	-	(1,300)
Provision for bad debt	70,459,095	-
Financial charges	102,712	57,897
	<u>16,168,252</u>	<u>6,379,668</u>
(Increase) / decrease in current assets		
Trade debts	(28,673,323)	(14,988,513)
Other receivables	(4,142,414)	500,382
Receivable against MF	(10,230,215)	-
Trade deposits and short term prepayments	(31,468,149)	24,622,137
	<u>(74,514,101)</u>	<u>10,134,006</u>
(Decrease) / increase in current liabilities		
Trade and other payables	20,070,100	(19,260,966)
	<u>(38,275,749)</u>	<u>(2,747,292)</u>
Taxes paid	(7,843,415)	(3,289,066)
Financial charges paid	(102,712)	(57,897)
	<u>(7,946,127)</u>	<u>(3,346,963)</u>
Net cash used in operating activities	<u>(46,221,876)</u>	<u>(6,094,255)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(14,986,638)	(195,500)
Proceeds from sale of property and equipment	-	1,300
Disposal of investments - net	60,110,970	10,643,883
Dividend received	762,196	2,031,055
Rental deposits	25,000	-
Net cash generated from investing activities	<u>45,911,528</u>	<u>12,480,738</u>
Net (decrease) / increase in cash and cash equivalents (A+B)	<u>(310,348)</u>	<u>6,386,483</u>
Cash and cash equivalents at the beginning of the period	<u>12,506,263</u>	<u>6,119,780</u>
Cash and cash equivalents at the end of the period	<u>12,195,915</u>	<u>12,506,263</u>

The annexed notes from 1 to 35 form an integral part of these financial statements


Chief Executive


Director



DAWOOD EQUITIES LIMITED

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2017

	Issued, subscribed and paid up capital	Reserves		Sub-Total	Total Equity	
		Capital (Loss) / gain on remeasurement of AFS investment	Revenue Share premium Accumulated profit			
-----Rupees-----						
Balance as at June 30, 2015	249,965,000	4,098,312	74,973,750	(106,300,496)	(27,228,434)	222,736,566
Profit for the year	-	-	-	1,004,873	1,004,873	1,004,873
Loss on re-measurement of investment available for sale at par value	-	(192,354)	-	-	(192,354)	(192,354)
Total comprehensive income for the year					812,519	
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
Loss on re-measurement of investment available for sale at par value	-	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

The annexed notes from 1 to 35 form an integral part of these financial statements


Chief Executive


Director



DAWOOD EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENT
FOR THE YEAR ENDED JUNE 30, 2017

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 Repealed Companies Ordinance, 1984. 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 1900-B, Saima Trade Towers, I.I. Chundrigar Road, Karachi. The Company's principal business is trading and brokerage of listed equities, underwriting and other investments.

1.1 Material information

During the year fire event has been occurred on April 29, 2017 for which notice is update on PSX website accordingly on May 2, 2017.

The fire result in loss of cash in hand of Rs.24,000 along with destruction of following assets:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>WDV / Loss</i>
	<i>----- Rupees -----</i>		
Office equipment	620,587	(609,842)	10,745
Furniture and fixtures	174,388	(6,600)	167,788
	794,975	(616,442)	178,533

The fire also result in destruction of following records pertaining to 9 months:

	<i>Amount Rupees</i>
<i>Administrative expenses</i>	
Salaries and other benefits	4,580,050
Rent, rates & taxes	113,000
Repairs and maintenance	877,747
Utilities	1,041,904
Fees and subscription	1,165,914
Regulatory charges	1,976,635
Brokerage expenses	44,704
Printing and stationery	300,802
Legal and professional fees	394,902
Traveling and conveyance	180,690
Entertainment	120,248
Miscellaneous expenses	77,033
	10,873,629
<i>Operating revenue</i>	
Dividend income	734,496



However, company has ledger account in the proper form due to back office record maintained at branch office and company has requested the counter party in above explained expenses to reproduce the supporting evidences

2 BASIS OF PREPARATION

2.1 Statement of compliance

During the year, the Companies Act 2017 (the Act) has been promulgated, however, Securities and Exchange Commission of Pakistan vide its circular no.17 of 2017 dated July 20, 2017 communicated that the Commission has decided that the companies whose financial year closes on or before June 30, 2017 shall prepare their financial statements in accordance with the provisions of the repealed Repealed Companies Ordinance, 1984. Accordingly, these financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) as are notified under the repealed Repealed Companies Ordinance, 1984, provisions of and directives issued under the repealed Repealed Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the repealed Repealed Companies Ordinance, 1984 shall prevail.

2.2 Basis of Measurement

These financial statements have been prepared under the historical cost convention, except as otherwise mentioned in these financial statements. Further, accrual basis of accounting is followed except for cash flow information.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the functional and presentation currency of the Company and rounded off to the nearest rupee.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting 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.

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.

Information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on amounts recognized in the financial statements are described as follows: -

Property and equipment

The Company's management determines the estimated useful lives and related depreciation charge for its



property and equipment. This also includes estimating the residual values and depreciable lives. Further, the Company reviews the value of the assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of the respective items of property and equipment with a corresponding affect on the depreciation charge and impairment.

Income Taxes

In making the estimates for income taxes currently payable by the Company, the management looks at the current income tax law and the decisions of appellate authorities on certain issues in the past.

Intangible Assets

The Company reviews the rate of amortization and value of intangible assets for possible impairment on an annual basis. Any change in the estimates in future years might affect the carrying amounts of intangible assets with a corresponding affect on the amortization charge and impairment.

Investments stated at Fair Value

The Company has determined fair value of certain investments by using quotations from active market. Fair value estimates are made at a specific point of time based on market conditions and information about the financial instruments. These estimates are subjective in nature and involve uncertainties and matter of judgments (e.g. valuation, interest rates, etc.) and therefore, can not be determined with precision.

Trade and Other Receivables

The Company reviews its debtors portfolio regularly to assess amount of any provision required against such trade debtors. Provisions are made after adjustment of liquid securities available.

2.5 Standards, amendments and interpretations which became effective during the year

During the year certain amendments to Standards and new interpretations became effective however they did not have any material effect on the financial statements of the Company.

2.6 New / revised accounting standards, amendments to published accounting standards, and interpretations that are not yet effective

The following standards, amendments and interpretations of approved accounting standards are only effective for annual periods beginning from the dates specified below. These standards are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements, other than increased disclosures in certain cases:

<i>Standards or interpretation</i>	<i>(Effective for annual periods beginning on or after)</i>
IFRS 2 Classification and Measurement of Share Based Payment Transactions (Amendment)	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



<i>Standards or interpretation</i>	<i>(Effective for annual periods beginning on or after)</i>
IAS 7 Financial instruments: Disclosures-Disclosure Initiative- (Amendment)	January 01, 2017
IAS 12 Income Taxes- Recognition of Deferred Tax Assets for Unrealized Losses (Amendments)	January 01, 2017
IAS 27 Separate Financial Statements-Equity Method in Separate Financial Statements	January 01, 2016
IFRIC 22 Foreign Currency Transactions and Advance Consideration	January 01, 2018
IFRIC 23 Uncertainty over Income tax treatment	January 01, 2019

The Company expect that the adoption of the above standards and interpretation will not have any material impact on its financial statements in the period of initial application. In addition to the above, amendments to various accounting standards have also been issued by the IAS (International Accounting Standards Board). Such improvements are generally effective for accounting periods beginning on or after July 01, 2014. The Company expect that such improvements to the standards will not have any material impact on the Company's financial statements in the period of initial application.

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

<i>2.6.1 Standards</i>	<i>(Effective for annual periods beginning on or after)</i>
IFRS 9 Financial Instruments- Classification and Measurement	January 1, 2018
IFRS 14 Regulatory Deferral Accounts	January 01, 2016
IFRS 15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16 Leases	January 1, 2019
IFRS 17 Insurance Contracts	January 1, 2021

2.6.2 Annual Improvements

IFRS 5 Non Current Assets Held for Sale and Discontinued Operation - Changes in method of disposal.

IFRS 7 Financial Instruments: Disclosures - Servicing Contracts.

IFRS 7 Financial Instruments: Disclosures - Applicability of off-setting disclosure to condensed interim financial statements.



IFRS 19 Employee Benefits - Discount rate: Regional market issue.

IAS 34 Interim Financial Reporting - Disclosure of information 'elsewhere in the interim financial report'.

The adoption of above amendments, improvements to accounting standards and interpretations does not have any material effect on the financial statements.

*(Effective for annual periods
beginning on or after)*

IFRS 2 Share-Based Payments- Classification And Measurement of
Share based Transactions (Amendments) January 01, 2018

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and Equipment

These are initially recognized at cost. Subsequent to initial recognition these are measured at cost less accumulated depreciation and impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Depreciation is calculated on straight line basis over the estimated useful life of the assets. Depreciation on additions is charged from the month in which they are available for use and on deletions up to the month of deletion. The estimated useful lives for the current and comparative periods are mentioned in note 4.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the entity and its cost can be reliably measured. Cost incurred to replace an item of property and equipment is capitalized and the asset so replaced is retired from use and its carrying amount is derecognized. Normal repairs and maintenance are charged to the profit and loss account during the period in which they are incurred.

The residual values and useful lives of assets are reviewed and adjusted, if impact on depreciation is significant. The company's estimate of residual values of property and equipment as at June 30, 2016 has not required any adjustment as its impact is considered insignificant.

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

3.2 Intangible Assets

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably.

Trading Rights Entitlement Certificates

Trading Rights Entitlement Certificates are measured in a manner as specified in note 3.3.3.



Software

Costs directly associated with identifiable software products that will have probable economic benefits exceeding costs beyond one year are recognized as an intangible asset. Direct costs include the purchase costs of software and other directly attributable costs of preparing the software for its intended use.

This is initially stated at cost and subsequently carried at cost less accumulated amortization and accumulated impairment losses, if any. Amortization is charged applying straight line method over estimated useful life of the software.

3.3 Investments

All investments are initially recognized at fair value, being the cost of the consideration given including transaction cost associated with the investment, except in case of held for trading investments, in which case the transaction costs are charged off to the profit and loss account.

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.

The management determines the appropriate classification of the investment made by the Company in accordance with the requirements of International Accounting Standards (IAS) 39: 'Financial Instruments: Recognition and Measurement' at the time of purchase.

The Company classifies its investments in the following categories: -

3.3.1 Financial assets 'at fair value through profit or loss - held for trading'

Financial assets that are acquired principally for the purpose of generating profit from short term fluctuations in market price, interest rate movements or are financial assets included in a portfolio in which pattern of short-term profit taking exists.

A non-derivative financial asset is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Investments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value. Upon initial recognition, attributable transaction cost are recognized in profit or loss when incurred. Investments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

3.3.2 Available for sale

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in market prices, are classified as 'available for sale'.

'Available for sale' financial assets are marked to market using the closing market rates and are carried on the balance sheet at fair value. Net gains and losses arising on changes in fair value of these financial assets are recognized in other comprehensive income, until the available for sale financial assets are derecognized. At this time, the cumulative gain or loss previously recognized directly in other comprehensive income is reclassified from other comprehensive income to profit or loss as a reclassification adjustment.



3.3.3 Shares of Pakistan Stock Exchange Limited

Membership card is surrendered by the Company in lieu of shares of PSXL and TREC. Such shares are treated as investment available for sale and valued by apportioning the value of previous membership card. Value of previous membership card is apportioned in the ratio in which base minimum capital is allocated to shares and TREC. After initial recognition these shares are valued at breakup value of shares as determined by PSX and gain / (loss) on remeasurement is charged to equity until disposed off or impaired.

3.4 Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

Loan and receivables are carried at amortized cost using the effective interest method.

All financial assets are recognized at the time when the Company becomes a party to the contractual provisions of the instrument. Regular purchases and sales of investments are recognized on trade date-the date on which the Company commits to purchase or sales the assets. Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognized when the right to receive the cash flows from the assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownerships.

The Company assesses to each balance sheet date whether there is objective evidence that a financial asset at a group of financial assets in impaired.

3.5 Trade debts and other receivables

Trade debts and other receivables are recognized at fair value and subsequently measured at amortized cost. A provision for impairment in trade and other receivables is made when there is an objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Trade debts and other receivables considered irrecoverable are written off.

3.6 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purpose of the cash flow statement, cash and cash equivalents comprises cash and bank balances and short term investments having maturity upto three months net of short term borrowings which are repayable on demand.

3.7 Trade and other payables

Trade and other payables are recognized initially at fair value plus directly attributable cost, if any, and subsequently measured at amortized cost.

3.8 Borrowing Cost

Borrowing costs are interest or other auxiliary costs incurred by the Company in connection with borrowing of funds and is treated as periodic cost and charged to profit and loss account.



3.9 Taxation

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the profit and loss account, except to the extent that it relates to items recognized directly in equity or below equity, in which case it is recognized in equity or below equity respectively.

Current

Provision for taxation is determined in accordance with the provisions of Income Tax Ordinance, 2001.

Deferred

Deferred tax is provided in full using the balance sheet liability method, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the financial statements. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the balance sheet date.

3.10 Provisions

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

3.11 Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

Non-Financial assets

The carrying amounts of non-financial assets are assessed at each reporting date to ascertain whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. An impairment loss is recognized, as an expense in the profit and loss account, for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sale and value in use. Value in use is ascertained through discounting of the estimated future cash flows using a discount rate that reflects current market assessments of the time value of money and the risk specific to the assets. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization if no impairment loss had been recognized.

3.12 Financial instruments

Financial Instruments carried on the balance sheet date include investments, loans and advances, deposits and prepayments, trade debts and other receivables, accrued income on investments, cash and bank balances,



short term borrowings, trade and other payables and accrued markup on short term finance.

Financial Assets

The Company classifies its financial assets in held to maturity, held for trading and loans and receivables categories. The classification depends on the purpose for which assets are acquired. Management determines the classification of its financial assets at initial recognition.

Financial Liabilities

All financial liabilities are recognized at the time when the Company becomes a party to the contractual provisions of the instruments. A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expired.

3.13 Offsetting of financial assets and financial liabilities

Financial assets and liabilities are off-set and the net amount is reported in the financial statements only when the Company has a legally enforceable right to off-set the recognized amounts and the Company intends either to settle on a net basis or to realize the assets and settle the liability simultaneously.

3.14 Revenue recognition

Brokerage, commission and other income are recognized as and when services have been provided. Capital gains and losses on sale of marketable securities are recorded on the date of sale. Dividend income on equity investments is recognized, when the right to receive the same is established.

Unrealized Capital gains / (losses) arising from marking investment to the market value of investments classified as 'financial assets at fair value through profit or loss - held for trading' are included in profit and loss account in the period in which they arise.

Income on placement of funds is recognized on accrual basis.

Income from Custody / Laga / NCSS Fees is recognized on occurrence of transactions.

3.15 Transactions with related parties

Transactions with related parties are carried out at arm's length using the methods prescribed in the Repealed Companies Ordinance, 1984.

3.16 Earnings per share

Earnings per share is calculated by dividing the profit after tax for the year by the weighted average number of shares outstanding during the year.

3.17 Dividend distributions and appropriations

Dividend distributions and appropriations if any, are recorded in the period in which the distributions and appropriations are approved.



4 PROPERTY AND EQUIPMENT

Particulars	Owned Assets					Total
	Computers	Building & Properties	Office equipment	Furniture & Fixtures	Motor vehicle	
----- Rupees -----						
Year ended June 30, 2017						
Opening net book value	43,583	-	10,745	91,075	195,833	341,236
Additions	299,750	14,260,000	146,500	280,388	-	14,986,638
Destruction due to Fire						
Cost	-		620,587	174,388	-	794,975
Depreciation	-		(609,842)	(6,600)	-	(616,442)
Net book value	-		10,745	167,788	-	178,533
Depreciation charge	(57,510)	(410,500)	(12,033)	(38,800)	(78,600)	(597,443)
Closing net book value	285,823	13,849,500	134,467	164,875	117,233	14,551,898
As at June 30, 2017						
Cost	1,735,037	14,260,000	146,500	206,500	393,000	16,741,037
Accumulated depreciation	(1,449,214)	(410,500)	(12,033)	(41,625)	(275,767)	(2,189,139)
	285,823	13,849,500	134,467	164,875	117,233	14,551,898

	Note	2017 Rupees	2016 Rupees
5 INTANGIBLE ASSETS			
Computer software	5.1	-	-
TREC	5.2	5,000,000	5,000,000
		5,000,000	5,000,000
5.1 Computer Software			
Opening net book value		-	-
Amortization charge		-	-
Closing net book value		-	-
As at June 30, 2017			
Cost		1,450,000	1,450,000
Accumulated amortization		(1,450,000)	(1,450,000)
		-	-
Rate of amortization (%)		20	20



		<i>2017</i>	<i>2016</i>
5	TREC	<i>Note</i>	<i>Rupees</i>
	Carrying value	5,000,000	13,663,818
	Decline in value	-	(8,663,818)
		<u>5,000,000</u>	<u>5,000,000</u>

5.2.1 Pursuant to the promulgation of the stock exchange (Corporatisation, Demutualization and Integration) Act, 2012 (The Act), the ownership in a stock exchange has been segregated from the right to trade on the exchange. Accordingly, the company has received equity shares of PSX and a Trading Right Entitlement Certificates (TRECs) in lieu of its membership card of PSX. Pakistan Stock Exchange Limited has determined value of Pakistan Stock Exchange Limited Trading Rights Entitlement Certificate for base minimum capital purpose amounting to Rs.5 million.

6 LONG TERM INVESTMENTS

<i>2017</i>	<i>2016</i>		<i>2017</i>	<i>2016</i>
<i>Rupees</i>	<i>Rupees</i>		<i>Rupees</i>	<i>Rupees</i>
		Investment in shares of Pakistan Stock Exchange Exchange Limited		
1,602,953	4,007,383	- available for sale Unrealized gain on remeasurement	16,029,530	36,336,182
			<u>25,134,298</u>	<u>3,905,958</u>
<u>1,602,953</u>	<u>4,007,383</u>		<u>41,163,828</u>	<u>40,242,140</u>

This represents shares of Pakistan Stock Exchange Limited (PSXL) formerly Karachi Stock Exchange Limited (KSEL) 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 PSXL is equally distributed among 200 members of PSXL by issuance of 4,007,383 shares to each member in the following manner:

- 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;
- 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSXL's participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.

Right to receive distributions and sale proceed against 60% shares in the blocked account shall vest in the initial shareholder, provided that bonus and right shares (if any) shall be transferred to blocked account and disposed off with the blocked shares.

Right to vote against blocked shares shall be suspended till the time of sale. The shares of PSXL shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSXL.

Pursuant to integration No.1/2016 dated January 06, 2016 issued by Securities and Exchange Commission of Pakistan (SECP), whereby Lahore Stock Exchange Limited (LSE) and Islamabad Stock Exchange Limited (ISE) were integrated with Karachi Stock Exchange Limited to form Pakistan Stock Exchange (PSX) with effect from January 11, 2016. By virtue of Integration Order, all TRE Certificate Holders of ISE and LSE become the TRE Certificate Holder of PSX from the effective date of integration.



DAWOOD EQUITIES LIMITED

During the year 1,602,953 shares has been sold to Chinese Consortium at the rate 28 and consideration of Rs.40,394,421 has been received. Balance consideration of Rs.4,488,269 is classified as receivable form PSX.

		<i>2017</i>	<i>2016</i>
		<i>Rupees</i>	<i>Rupees</i>
7	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>
8	DEFERRED TAXATION		
	Relating to deductible temporary difference		
	Accelerated tax depreciation	939,832	(22,468)
	Alternate corporate tax	(10,084,708)	(2,232,450)
	Minimum tax	(213,921)	(183,601)
	Trade debts-provision for doubtful debts	(45,064,732)	(26,752,795)
	Tax losses	(22,027,398)	(62,486,506)
	Deferred tax asset	(76,450,926)	(91,677,820)
	Deferred tax asset not recognized	21,301,487	54,454,505
		<u>(55,149,439)</u>	<u>(37,223,315)</u>
8.1	Deferred tax asset recognised aggregating to Rs.55.1 (2016 : Rs.37.223) 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.		
		<i>2017</i>	<i>2016</i>
	Note	<i>Rupees</i>	<i>Rupees</i>
9	SHORT TERM INVESTMENTS		
	In related parties - at fair value through profit & loss	9.1 4,336,984	1,350,729
	In related parties - available for sale - at cost	9.2 4,521,380	3,318,755
	Others - at fair value through profit & loss	9.3 21,007,850	13,711,843
		<u>29,866,214</u>	<u>18,381,327</u>



DAWOOD EQUITIES LIMITED

9.1 In related parties - at fair value through profit & loss

<i>2017</i>	<i>2016</i>		<i>2017</i>	<i>2016</i>
<i>----- Number of Shares -----</i>			<i>Rupees</i>	<i>Rupees</i>
567,613	567,613	Investment 786 (Formally Dawood Capital Management Ltd.)	1,220,369	1,220,368
330,500	-	BRR Guardian Modaraba	3,090,175	-
-	127,805	First Dawood Investment Bank Ltd.	-	132,917
			4,310,544	1,353,285
		Gain / (loss) on remeasurement of investments	26,440	(2,556)
			4,336,984	1,350,729

The market value of each listed security is as follows:

Investment 786 (Formally Dawood Capital Management Ltd.)	2.15	2.15
BRR Guardian Modaraba	9.43	6.95
First Dawood Investment Bank Ltd.	-	1.02

9.2 In related parties - available for sale - at cost

<i>2017</i>	<i>2016</i>		<i>2017</i>	<i>2016</i>
<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
624,500	363,500	Dawood Family Takaful Ltd. 9.2.1	4,521,380	3,318,755

9.2.1 The embedded value of these shares based on actuarial valuation of the investee Company is Rs.7.24 (2016 : Rs.5.23) per share, therefore impairment of Rs.1,407,865 has been recognised

<i>2017</i>	<i>2016</i>		<i>2017</i>	<i>2016</i>
<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
9.3 Other investments - at fair value through profit and loss				
		<i>Note</i>		
Ordinary Shares		9.3.1	21,007,850	12,149,391
Units of mutual funds		9.3.4	-	1,562,452
			21,007,850	13,711,843



DAWOOD EQUITIES LIMITED

9.3.1 Held for trading - Ordinary Shares

	2017	2016		2017	2016
	<i>Number of Shares</i>			<i>Rupees</i>	<i>Rupees</i>
-	8,205	Adamjee Insurance Company Limited	-	439,214	
-	1,200	Akzo Noble Pakistan Limited	-	231,516	
-	6,000	Allied Bank Limited	-	552,000	
-	5,420	Arif Habib Corporation Limited	-	220,323	
-	22,500	Askari Commercial Bank Limited	-	421,875	
300	720	Attock Petroleum Limited	190,437	310,205	
10,000	-	Bank of Punjab - LOR	16,207	-	
25,000	-	Byco Petroleum Pakistan Limited	532,575	-	
-	5,500	Dawood Lawrenepur Limited	-	775,406	
-	15,000	Dewan Cement Limited	-	218,506	
-	67,473	Engro Polymer & Chemical Limited	-	615,410	
-	15,500	Engro Powergen Qadirpur Limited	-	469,960	
-	15,000	Fatima Fertilizer Company Limited	-	499,200	
17,000	6,675	Fauji Fertilizer Bin Qasim Limited	887,910	358,053	
7,500	-	Fauji Fertilizer Company Limited	777,000	-	
-	10,000	Faysal Bank Limited	-	141,500	
-	1,000	Gadoon Textile Mill Limited	-	123,415	
-	2,500	Ghandara Nissan Limited	-	418,412	
-	2,500	GlaxoSmithKline Pakistan Limited	-	538,575	
-	25,000	Golden Arrow Selected Stocks	-	194,750	
-	5,000	Gul Ahmed Textile Limited	-	170,013	
500	-	Gul Ahmed Textile Mills Limited	23,581	-	
-	6,000	Habib Metropolitan Bank Limited	-	176,340	
-	4,000	Hi-Tech Lubricants Limited	-	230,950	
100	1,828	ICI Pakistan Limited	111,586	785,949	
500	-	Ittehad Chemicals Limited	17,390	-	
-	75,000	K Electric Limited	-	608,125	
300,000	-	K-Electric Limited	2,452,673	-	
1,500	1,500	Kot Addu Power Company Limited	120,315	115,755	
-	181,672	Lotte Chemical Pakistan Limited	-	1,061,279	
5,000	-	Mughal Iron & Steel Limited	705,150	-	
-	175	National Bank Limited	-	9,041	
-	500	Nishat Mills Limited	-	61,336	
5,000	-	Oil & Gas Development Company	741,550	-	
1,000	-	Otsuka Pakistan Limited	233,010	-	
-	5,000	Pakgen Power Company Limited	-	133,019	
-	5,000	Pakistan International Bulk Limited	-	162,523	
-	10,000	Pakistan Refinery Limited	-	445,624	
1,000	-	Pakistan State Oil Company Limited	415,188	-	
-	10,000	Pakistan Telecommunication Limited	-	151,504	



DAWOOD EQUITIES LIMITED

2017	2016		2017	2016
Number of Shares			Rupees	Rupees
104,867	-	Power Cement Limited	1,496,604	-
-	10,000	Saif Power Limited	-	287,500
-	5,000	Synthetic Products Enterprises Limited	-	215,100
-	300	Thall Limited	-	76,413
12,500	-	The Hub Power Company Limited	1,638,250	-
-	26,500	TPL Trakker Limited	-	339,583
15,000	6,000	Treet Corporation Limited	1,069,549	284,940
369,494	-	ITTEFAQ IRON INDUSTRIES LIMITED	11,158,719	-
-	5,000	TRG Pakistan Limited - "Class- A"	-	192,027
			26,961,847	12,035,340
		(Loss) / gain on remeasurement of investments	(5,953,997)	114,051
			21,007,850	12,149,391

9.3.3 The market value of each listed security is as follows:

	2017	2016
	Rupees	Rupees
Abbot Laboratories	-	754.00
Adam Sugar Mills Limited	-	29.82
Allied Bank Limited	-	89.96
Arif Habib Corporation Limited	-	39.49
Askari Commercial Bank Limited	-	18.68
Attock Cement Pakistan Limited	-	238.71
Attock Petroleum Limited	626	437.54
Bannu Woolen Mills limited	-	53.16
Byco Petroleum Pakistan Limited	19	-
Clover Pakistan Limited	-	42.55
D.G. Khan Cement Limited	-	190.49
Dost Steel Limited	-	12.78
Engro Fertilizer Limited	-	64.48
Engro Polymer & Chemical Limited	-	8.50
Engro Powergen Qadirpur Limited	-	28.92
Fatima Fertilizer Company Limited	-	33.94
Fauji Fertilizer Bin Qasim Limited	43	53.01
Gul Ahmed Textile Limited	-	36.19
K-Electric Limited	7	8.06
Lotte Chemical Pakistan Limited	-	6.01
Mughal Iron & Steel Limited	81	67.19
National Refinery Limited	-	475.40
Oil & Gas Development Company	-	138.07
Otsuka Pakistan Limited	293	-
Packages Limited	-	636.22
Pakgen Power Company Limited	-	24.05
Pakistan Petroleum Limited	-	155.05



	2017	2016
	Rupees	Rupees
Pakistan Reinsurance Limited	-	30.26
Pakistan State Oil Company Limited	387	-
Pakistan Stock Exchange Limited	26	-
Pakistan Telecommunication Limited	-	15.03
Power Cement Limited	13	-
Searle Pakistan Limited	-	536.15
System Limited	-	57.64
Thall Limited	-	283.02
The Hub Power Company Limited	117	-
Treet Corporation limited	57	49.43
Adamjee Insurance Company Limited	-	50.16
Askari Commercial Bank Limited	-	18.68
Engro Powergen Qadirpur Limited	-	28.92
Akzo Noble Pakistan Limited	-	184.65
Pakgen Power Company Limited	-	24.05
K Electric Limited	-	8.06
Searle Pakistan Limited	-	536.15
Engro Fertilizer Limited	-	64.48
National Refinery Limited	-	475.40
ICI Pakistan Limited	-	445.02
National Bank Limited	-	57.81
Gadoon Textile Mill Limited	-	128.59
Pakistan Telecommunication Limited	-	15.03
Oil & Gas Development Company	-	138.07
Habib Metro Bank Limited	-	28.37
Gul Ahmed Textile Limited	-	36.19
Fatima Fertilizer Company Limited	-	33.94
Treet Corporation limited	-	49.43

9.3.4 Units of mutual funds

2017 2016
 ---- *Number of Units* ----

-	128,722	NAFA Government Securities	-	1,436,894
		Liquid Fund	-	1,436,894
		Gain on remeasurement of units	-	125,558
			-	1,562,452



		2017 Rupees	2016 Rupees
9.3.5	The market value of each unit of fund is as follows:		
	NAFA Government Securities Fund	-	11.16
10	TRADE DEBTS		
	Considered good	70,800,164	42,126,841
	Considered doubtful	126,825,408	126,825,408
		197,625,572	168,952,249
	Provision for considered doubtful	(152,287,470)	(78,504,691)
	`	45,338,102	90,447,558
	Reversal of Provision `	3,458,684	-
		48,796,786	90,447,558
10.1	This includes amount of Rs.11,194,117 (2016 : Rs.12,988,853) receivable from related parties of the Company.		
10.2	The total value of securities pertaining to clients are Rs. 667.949 million held in sub-accounts of the company. No security is pledged by client to the financial institutions.		
10.3	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>Note</i>	<i>2017 Rupees</i>
			<i>2016 Rupees</i>
10.3	Provision for trade debts considered doubtful		
	Opening balance	78,504,691	78,684,691
	Provision made during the year	24 73,782,779	-
	Provision reverse during the year	24 -	(180,000)
		152,287,470	78,504,691
11	TRADE DEPOSITS AND SHORT TERM PREPAYMENTS		
	Trade deposits	11.1 40,005,594	8,791,225
	Advance to employees	403,500	117,000
	Prepayments	-	32,720
		40,409,094	8,940,945
11.1	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.		



	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
12 OTHER RECEIVABLES			
- Considered good			
Receivable against PSX shares	12.1	4,488,274	-
Receivable for PSX Office		-	12,606,550
Receivable from PSX		9,540,200	3,930,333
Receivable from NCCPL		839,998	-
Receivable from Dawood Money Market Fund - related party		-	960,016
Other receivables	12.2	7,181,344	50,255
Receivables from dealers		-	360,248
		<u>22,049,816</u>	<u>17,907,402</u>
12.1	This represent amount receivable from PSX against shares sold to Chinese Consortium.		
12.2	This amount includes Rs. 7.14 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.		
		<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
13 TAX REFUNDS DUE FROM GOVERNMENT	<i>Note</i>		
Opening balance		8,173,175	5,604,476
Add: Paid during the period		7,843,415	3,210,722
		<u>16,016,591</u>	8,815,198
Provision for taxation		(775,208)	(642,023)
Prior year adjustments		(1,702,788)	-
		<u>13,538,595</u>	<u>8,173,175</u>
14 BANK BALANCES			
Cash in hand		6,082	4,136
Cash at bank			
Current accounts		10,690,384	12,358,257
Saving accounts	14.1	1,499,449	143,870
		<u>12,195,915</u>	<u>12,506,263</u>
Balance pertaining to:			
- clients		918,702	8,975,560
- brokerage house		11,271,131	3,526,567
		<u>12,189,833</u>	<u>12,502,127</u>
14.1	Saving accounts carries mark-up at the rate from 2.46% to 3.75% (2016 : 4%) per annum.		



DAWOOD EQUITIES LIMITED

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>2017</i>	<i>2016</i>		<i>2017</i>	<i>2016</i>
<i>Number of Ordinary</i>			<i>Rupees</i>	
<i>shares of Rs.10 each</i>				
24,996,500	24,996,500	Fully paid in cash	249,965,000	249,965,000

16 RESERVES

- Capital reserve

Share premium is capital reserve and is held for utilization of purposes as stated in section 83 of the Repealed Companies Ordinance, 1984.

	<i>Note</i>	<i>2017</i>	<i>2016</i>
		<i>Rupees</i>	<i>Rupees</i>
17 TRADE AND OTHER PAYABLES			
Trade creditors	17.1	21,611,034	11,497,329
Due to dealer		1,437,796	684,557
Accrued expenses		1,946,851	2,594,162
Payable to NCCPL		-	1,062,736
Payable to BRR Guardian Modaraba		11,158,719	-
Withholding tax payable		667,476	912,992
		36,821,876	16,751,776

17.1 This includes amount of Rs.4,572,723 (2016 : Rs.1,126,049) payable to related parties of the Company.

18 CONTINGENCIES AND COMMITMENTS

18.1 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.

18.2 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. The amount of Rs. 1.6 million is recovered through Provident Fund balance of Mr. Abbas Qurban with the First Dawood Investment Bank Limited. The remaining balance will be receivable in equal monthly installment of Rs.15,000 per month until fully recovered. The provision will be reversed in the similar pattern as recovery occurs.

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



	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
For purchase of shares		<u>98,724,767</u>	<u>55,573,907</u>
For sale of shares		<u>91,900,532</u>	<u>52,240,842</u>
19 OPERATING REVENUE			
Brokerage commission	19.1	24,163,714	15,126,480
Custody / Laga / NCSS Fees		3,376,421	2,514,456
Underwriting commission		3,762,970	-
Dividend income		762,196	1,005,620
Income from Margin Trading		9,538	2,031,055
Income from Margin Finance		218,692	-
		<u>32,293,531</u>	<u>20,677,611</u>
19.1 Brokerage commission			
Gross commission		51,623,663	31,334,791
Sales tax/ Federal excise duty		(5,851,918)	(3,817,108)
		<u>45,771,745</u>	<u>27,517,683</u>
Commission to agents and dealers		(21,608,031)	(12,391,203)
		<u>24,163,714</u>	<u>15,126,480</u>
19.1.1 Brokerage commission pertains to			
Institutional clients		3,329,109	2,444,730
Retail customers/Individual		42,442,636	25,072,953
		<u>45,771,745</u>	<u>27,517,683</u>
20 CAPITAL GAIN/ (LOSS) ON INVESTMENTS - NET			
Investments in others		<u>51,347,532</u>	<u>(408,188)</u>
21 GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS			
Others		(1,553,406)	111,495
Units of open end mutual funds		-	64,849
		<u>(1,553,406)</u>	<u>176,344</u>



	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
22 ADMINISTRATIVE EXPENSES			
Salaries and other benefits		5,644,344	4,889,771
Rent, rates & taxes		121,000	156,000
Repairs and maintenance		1,324,217	1,081,728
Utilities		1,080,974	1,026,048
Fees and subscription		1,398,019	1,301,999
Regulatory charges		3,280,588	2,343,432
Brokerage expenses		531,653	71,305
Printing and stationery		322,113	308,243
Legal and professional fees		992,860	998,846
Traveling and conveyance		20,531	10,140
Entertainment		139,370	155,042
Depreciation	4	597,443	136,539
Miscellaneous expenses		237,023	80,621
		<u>15,690,135</u>	<u>12,559,714</u>
23 FINANCIAL CHARGES			
Bank charges		<u>102,712</u>	<u>57,897</u>
24 OTHER OPERATING INCOME			
From financial assets			
Profit on bank accounts		80,881	231,727
Profit on cash exposure		438,910	249,997
Liabilities written back		-	841,055
Reversal of provision for bad debts		135,000	180,000
		<u>654,791</u>	<u>1,502,779</u>
From non financial assets			
Gain on sale of fixed assets		-	1,300
Rental Income		75,000	-
Miscellaneous income		1,879,764	-
		<u>1,954,764</u>	<u>1,300</u>
		<u>2,609,555</u>	<u>1,504,079</u>
25 OTHER OPERATING CHARGES			
Other expense		-	151,431
Loss due to fire		202,533	-
Impairment loss on shares of associate		1,407,865	316,245
Provision for Bad debts		70,459,095	-
Bad debts written off		360,248	-
Decline in value of TREC		-	8,663,818
Auditors' remuneration	25.1	952,832	698,816
		<u>73,382,574</u>	<u>9,830,310</u>



	<i>Note</i>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
25.1 Auditors' remuneration			
Statutory audit		432,000	399,600
Half yearly review		76,360	64,276
Certifications and other services		264,472	124,940
Internal audit		110,000	60,000
System audit		70,000	50,000
		<u>952,832</u>	<u>698,816</u>
26 TAXATION			
Current	26.1	(315,963)	(642,023)
Capital gain tax		(459,245)	(78,344)
Deferred		17,926,124	2,223,315
Prior		(1,702,787)	-
		<u>15,448,129</u>	<u>1,502,948</u>
26.1	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.		
26.2	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.		
		<i>2017</i>	<i>2016</i>
27 EARNING PER SHARE			
Profit after taxation	<i>Rs.</i>	<u>10,969,920</u>	<u>1,004,873</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>0.44</u>	<u>0.04</u>
Diluted earning per share has not been presented as the company did not have any convertible instruments.			



	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
28 FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
Investment at fair value through profit or loss		
Long term investment	41,163,828	40,242,140
Short term investments	25,344,834	15,062,572
	<u>66,508,662</u>	<u>55,304,712</u>
Available for sale investments		
Short term investment	4,521,380	3,318,755
Loans and receivables		
Long term deposits	1,137,500	1,137,500
Trade debts	48,796,786	90,447,558
Receivable against Margin Finance	10,230,215	-
Trade deposits	40,005,594	8,791,225
Other receivable	22,049,816	17,907,402
Cash and bank balances	12,195,915	12,506,263
	<u>134,415,826</u>	<u>209,294,639</u>
	<u>205,445,868</u>	<u>267,918,106</u>
FINANCIAL LIABILITIES		
Long term deposits		
Rental deposits	25,000	-
At fair value through profit or loss		
Trade and other payables	36,821,876	16,751,776
	<u>36,846,876</u>	<u>16,751,776</u>

29 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.

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.205.446 million (2016 : Rs.267.918 million) the financial assets which are subject to credit risk amounted to Rs. 205.44 million (2016 : Rs.267.914 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, 2017, trade debts of Rs.130.509 million (2016 : Rs.126.825 million) are overdue for more than 360 days. Based on the past experience, consideration of financial position, past track records and recoveries, provision of Rs.70.459 million has been made during the year. Impairment allowance by way of provision for doubtful debts of Rs.0.135 million is reversed during the year as the company has recovered its overdue balance from one customer

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

	<i>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
Long term deposits	1,137,500	1,137,500
Investments- long term and short term	71,030,042	58,623,467
Trade debts	48,796,786	168,952,249
Deposits	40,005,594	8,791,225
Receivable against Margin Finance	10,230,215	-
Other receivables	22,049,816	17,907,402
Bank balances	12,189,833	12,502,127
	<u>205,439,786</u>	<u>267,913,970</u>

The maximum exposure to credit risk for trade debts at balance sheet date amounting to Rs.48.797 million (2016 : Rs.168.952) million.

Provision for impairment losses

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



DAWOOD EQUITIES LIMITED

	2017		2016	
	Gross	Impairment	Gross	Impairment
----- Rupees -----				
Past due 1-30 days	46,731,048	(15,163,595)	30,998,640	-
Past due 31 days -90 days	15,667,256	(5,083,813)	2,941,972	-
Past due 90 days -1 year	4,718,198	(1,530,992)	8,186,229	-
More than one year	130,509,070	(130,509,070)	126,825,408	(78,414,691)
Total	197,625,572	(152,287,470)	168,952,249	(78,414,691)

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:

Bank	Agency	Date	Short term rating	Long term rating	2017 Rupees	2016 Rupees
Bank Al-Habib Limited	PACRA	June 30, 2017	A1+	AA+	1,303,679	17,395
Habib Metropolitan Bank Limited	PACRA	June 30, 2017	A1+	AA+	1,688,040	53,845
MCB Bank Limited	PACRA	June 30, 2017	A1+	AAA	6,574,696	1,037,542
Albaraka Bank (Pakistan) Limited	JCR-VIS	June 30, 2017	A1	A	585,992	155,445
Bank Al-Falah Limited	PACRA	June 30, 2017	A1+	AA+	1,428,972	11,187,623
The Bank of Khyber	PACRA	June 30, 2017	A+	A	4,659	4,659
United Bank Limited	JCR-VIS	June 30, 2017	A-1+	AAA	787,379	45,617
					12,373,417	12,502,126

c) Liquidity Risk

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: -



DAWOOD EQUITIES LIMITED

	<i>2017</i>			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
<i>Financial Liabilities</i>				
Trade and other payables	36,821,876	36,821,876	36,821,876	-
	<i>2016</i>			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
<i>Financial Liabilities</i>				
Trade and other payables	16,751,776	16,751,776	16,751,776	-

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>2017</i>	<i>2016</i>
	<i>Rupees</i>	<i>Rupees</i>
<i>Financial Assets</i>		
Variable Rate Instruments		
Bank balance - PLS account	1,499,449	143,870

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>decrease</i>
<i>Rupees</i>	<i>Rupees</i>

As at June 30, 2017

Cash flow Sensitivity - variable rate instruments	14,994	(5,744)
---	---------------	----------------

As at June 30, 2016

Cash flow Sensitivity - variable rate instruments	1,439	(1,439)
---	-------	---------

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 2016.

<i>2017</i>	<i>2016</i>
<i>Rupees</i>	<i>Rupees</i>

Effect on profit

Increase / Decrease	1,774,374	1,394,824
---------------------	------------------	------------------

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: -



DAWOOD EQUITIES LIMITED

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>
	----- Rupees -----		
June 30, 2017			
Investments at fair value through Profit and loss			
- related parties	4,336,984	-	-
- others	21,007,850	-	-
Available for sale investments - related party	-	-	4,521,380
Investments in shares of PSX	41,163,828	-	-
June 30, 2016			
Investments at fair value through Profit and loss			
- related parties	1,350,729	-	-
- others	12,149,391	1,562,452	-
Available for sale investments - related party	-	-	3,318,755
Investments in shares of PSX	-	40,242,140	-

30 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>	<i>2017</i> <i>Rupees</i>	<i>2016</i> <i>Rupees</i>
Commission earned from brokerage transactions with member companies and key management personnel of member companies		<u>3,276,158</u>	<u>2,825,689</u>
Expenses paid / payable to member companies		<u>99,000</u>	<u>132,000</u>
FDIBL and others Employee Provident Fund			
Employer's contribution paid	30.1	<u>245,191</u>	<u>215,391</u>

30.1 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.

31 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 Repealed Companies Ordinance, 1984.



32 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.

2017 *2016*

33 NUMBER OF EMPLOYEES

Number of employees as at year end and average for the year

<u><u>10</u></u>	<u><u>9</u></u>
------------------	-----------------

32 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.

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on September 29, 2017.

35 GENERAL

Figures have been rounded off to the nearest rupee.



Chief Executive



Director



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 28th day of October, 2017 at 8:45 a.m. and at any adjournment thereof.

As witnessed under my/our hands this _____ day of _____ 2017 _____

Signed by _____

Signature and address of the witness

Signature and address of the witness

Signature of member

Please affix
revenue
stamp



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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