



DAWOOD EQUITIES LIMITED

**Half Yearly Report
December 31, 2016
(Un-Audited)**

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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 (Subject to approval of KSE)
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	1900-B Saima Trade Towers, 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

DIRECTORS' REPORT TO THE MEMBERS

Dear Shareholders

On the behalf of The Directors of Dawood Equities Limited (the "Company") I am pleased to present herewith the un-audited financial statements for the half year ended December 31, 2016.

FINANCIAL RESULT

During the period under review the Company's net revenue increased by 11.1% as compared to last year whereas the administrative expenses increased by only 2.7%. Operation profit rose to Rs 11.86 million as compared to Rs.4.65 million in corresponding period last year. Profit before tax has been increased to Rs.13.97 million as compared to 4.84 million in same period of last year. The summary of comparative financial performance is given below:

OPERATING RESULTS	DECEMBER 31 2016 Rupees	DECEMBER 31 2015 Rupees
Net Revenue	14,148,623	12,737,428
Capital gain / (Loss) on disposal of investments	4,052,100	(228,337)
Gain / (Loss) on re-measurement of investments at fair value through profit & loss	1,084,771	(631,927)
Administrative Expenses	(7,419,858)	(7,233,941)
Financial Charges	(37,242)	(36,575)
Profit before tax	13,970,987	4,844,826
Taxation	(4,131,344)	6,386,763
Profit after tax	9,839,643	11,231,589
Earnings per share basic and diluted	0.39	0.45
Book Value per share	10.49	9.37

EMPHASIS OF MATTER PARAGRAPH IN AUDITORS' REPORT

We draw attention of the users of the financial statements to the note 13.1 of the financial statements which describe uncertainty related to the outcome of the suit filed by the company against its corporate client for the recovery of Rs. 75.436 million. The ultimate outcome of the matter cannot presently be determined and provision is made to the extent that management expects will be irrecoverable. The Directors of your company are very optimistic about the outcome of the suit filed for recovery of Rs. 75.436 million. The legal proceeding is still not concluded, but lawyer is confident that the outcome of the case will be in favor of the company and a chance of recovery is very bright. However, 40% provision for irrecoverable debt is provided after considering the contingencies of the event.

We further draw attention of the users of the financial statements to the note 8 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.

On behalf of the Board

Junaid Dada
Chairman

Karachi: February 27, 2017



DAWOOD EQUITIES LIMITED

ڈاؤد ایکویٹیز کی رپورٹ

محترم مخلص یاؤنگان،

داؤد ایکویٹیز لمیٹڈ (کینیڈا) کے ڈائریکٹرز کی جانب سے دسمبر 31، 2016 کو ختم ہونے والے ششماہی کے غیر آڈٹ شدہ مالیاتی گوشوارے پیش کرتے ہوئے مسرت محسوس کر رہا ہوں۔

مالیاتی نتائج

زیر جائزہ مدت کے دوران کینیڈا کی خالص آمدنی میں گزشتہ سال کے مقابلے میں 11.1 فیصد اضافہ ہوا ہے جبکہ انتظامی اخراجات میں صرف 2.7 فیصد اضافہ ہوا ہے۔ آپریشنس کا منافع بڑھ کے 11.86 ملین روپے ہو گیا ہے جو کہ گزشتہ سال تقابلی مدت میں 4.65 ملین روپے تھی۔ منافع قبل از ٹیکس بڑھ کے 13.97 ملین روپے ہو گیا ہے جو کہ گزشتہ سال اسی مدت میں 4.84 ملین روپے تھا۔ تقابلی مالیاتی کارکردگی کا خلاصہ مندرجہ ذیل ہے:

2015 Rupees	2016 Rupees	آپریٹنگ نتائج
12,737,428	14,148,623	خالص آمدنی
(228,337)	4,052,100	سرمایہ کاری پیسے پمپنگ نئے / (نقصان)
(631,927)	1,084,771	نتیجہ / (نقصان) سرمایہ کاری پر جو جو air value through profit & loss پر برتری پاتی ہے
(7,233,941)	(7,419,858)	انتظامی اخراجات
(36,575)	(37,242)	مالی اخراجات
4,844,826	13,970,987	نتیجہ / (نقصان) قبل از ٹیکس
6,386,763	(4,131,344)	ٹیکس
11,231,589	9,839,643	نتیجہ / (نقصان) بعد از ٹیکس
0.45	0.39	نتیجہ فی حصص بنیادی اور مستعمل
9.37	10.49	پگہ ویٹیویٹس

آڈٹ رپورٹ میں شامل امعا سرفیس میٹریجر اگراف

ہم مالیاتی گوشواروں کے صارفین کی توجیہ مالی بیانات کے نوٹ 13.1 کی طرف مبذول کراتے ہیں جس میں 75.436 ملین روپے کی وصولی کے لئے کینیڈا کی طرف سے اپنے کارپوریٹ کلائنٹ کے خلاف دائر کیے گئے سوٹ کی غیر یقینی صورتحال کی وضاحت کی گئی ہے۔ معاملے کے حتمی نتائج کا تعین ابھی نہیں کیا جاسکتا اور نتیجتاً سوٹ کی توقع کے مطابق جو وصول نہیں ہو پائے گا اس کا پورہ پڑا کر دیا گیا ہے۔ آپ کی کینیڈا ڈائریکٹرز 75.436 ملین روپے کی وصولی کے لئے دائر سوٹ کے نتائج کے بارے میں براہ امید ہیں۔ قانونی کارروائی ابھی مکمل نہیں ہوئی ہے، مگر وہ مکمل ہوا ہے کہ ٹیکس کا فیصلہ کینیڈا کی طرف سے ہوگا اور وصولی کے امکانات روشن ہیں۔ البتہ، غیر یقینی صورتحال کو دیکھتے ہوئے وصول نہ ہونے والے قرض کا 40 فیصد پرووائڈ کر دیا گیا ہے۔

مزید یہ کہ ہم مالیاتی گوشواروں کے صارفین کی توجیہ مالی بیانات کے نوٹ 8 کی طرف مبذول کراتے ہیں جو کہ کینیڈا کی طرف سے وضع کردہ پانچ سال کی کاروباری پریوینشن کی بنیاد پر الٹوا شدہ ٹیکس اثاثہ جات کے متعلق ہے۔ منصوبہ بندی میں کینیڈا کے مستقبل کے قابل ٹیکس منافع کا تخمینہ لگانے کے لئے کچھ اہم مفروضوں کا استعمال کیا گیا ہے اور یہی مستقبل کے قابل ٹیکس منافع الٹوا شدہ ٹیکس اثاثہ جات کو سیٹ آف کرنے میں استعمال کیے جائے گے۔

جنیڈ ڈاؤڈ

چیرمین

کراچی مورخہ فروری 27، 2017



DAWOOD EQUITIES LIMITED

**INDEPENDENT AUDITORS' REPORT ON REVIEW OF
CONDENSED INTERIM FINANCIAL INFORMATION TO THE MEMBERS**

Introduction

We have reviewed the accompanying condensed interim balance sheet of Dawood Equities Limited as at December 31, 2016 and the related condensed interim profit and loss account, condensed interim statement of comprehensive income, condensed interim cash flow statement and condensed interim statement of changes in equity together with the condensed notes forming part thereof (here-in-after referred to as the "Interim financial information") for the six month period ended December 31, 2016. Management is responsible for the preparation and presentation of this interim financial information in accordance with approved accounting standards as applicable in Pakistan. Our responsibility is to express a conclusion on this interim financial information based on our review. The figures of the condensed profit and loss account for the quarters ended September 2016 and 2015 have not been reviewed as we are required to review only the cumulative figures for the six months period ended December 31, 2016.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the annexed interim financial information are not presented fairly, in all materials respects, in accordance with approved accounting standards as applicable in Pakistan.

Emphasis of Matters

We draw attention of the users of the interim financial information to the Note 13.1 of the interim financial information which describes uncertainty related to the outcome of the suit filed by the company against one of its corporate client for the recovery of Rs.75.436 million. The ultimate outcome of the matter cannot presently be determined and provision is made to the extent that management expects will be irrecoverable.

We also draw attention towards note 8 of the annexed financial statements relating to deferred tax asset. Management believes that the asset will be utilized in coming years based on projections of future profitability and uncertainty is attached with those projections.

Our report is not qualified in respect of these matters.

**Haroon Zakaria & Company
Chartered Accountants**

**Place: Karachi
Dated:**

**Engagement Partner:
Farhan Ahmed Memon**



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM BALANCE SHEET (UN-AUDITED)
AS AT DECEMBER 31, 2016**

		(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
ASSETS			
Non-Current Assets			
Property and equipments	5	14,577,359	341,236
Intangible assets	6	5,000,000	5,000,000
Long term investment - available for sale	7	68,878,899	40,242,140
Long term deposit		1,137,500	1,137,500
Deferred tax asset	8	35,275,014	37,223,315
		<u>124,868,772</u>	<u>83,944,191</u>
Current Assets			
Short term investments	9	19,400,293	18,381,328
Trade debts	10	98,480,293	90,447,558
Advances, deposits and prepayments		22,548,811	8,940,945
Other receivables		12,412,257	17,907,402
Tax refunds due from government		9,402,044	8,173,175
Cash and bank balances	11	2,974,241	12,506,263
		<u>165,217,939</u>	<u>156,356,671</u>
Total Assets		<u><u>290,086,711</u></u>	<u><u>240,300,862</u></u>
EQUITY AND LIABILITIES			
Capital and Reserves			
Authorized Share Capital			
30,000,000 Ordinary shares of Rs.10 each		<u>300,000,000</u>	<u>300,000,000</u>
Issued, subscribed and paid up capital		249,965,000	249,965,000
Reserves		<u>12,060,487</u>	<u>(26,415,915)</u>
		<u>262,025,487</u>	<u>223,549,085</u>
Current Liabilities			
Trade and other payables	12	28,061,224	16,751,777
Contingencies			
	13		
Total Equity and Liabilities		<u><u>290,086,711</u></u>	<u><u>240,300,862</u></u>

The annexed notes from 1 to 20 form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2016**

	Note	Half year ended		Quarter Ended	
		December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
		----- Rupees -----			
Operating revenue	14	14,148,623	12,737,428	8,874,026	5,288,249
Capital gain / (loss) on disposal of investments - net		4,052,100	(228,337)	2,886,395	(1,028,037)
Profit / (loss) on remeasurement of investments carried at fair value through profit and loss		1,084,771	(631,927)	(84,449)	1,250,982
		19,285,494	11,877,164	11,675,972	5,511,194
Administrative expenses		(7,419,858)	(7,223,941)	(4,591,264)	(3,584,438)
		11,865,635	4,653,223	7,084,707	1,926,756
Other operating income		2,052,594	138,178	1,920,509	35,167
Reversal of provision		90,000	90,000	90,000	90,000
Bank charges		(37,242)	(36,575)	(14,257)	(16,026)
Profit before taxation		13,970,987	4,844,826	9,080,959	2,035,897
Taxation-net	15	(4,131,344)	6,386,763	(3,789,042)	6,639,567
Profit after taxation		9,839,643	11,231,589	5,291,917	8,675,464
Earning per share -Basic and Diluted		0.39	0.45	0.21	0.35

The annexed notes from 1 to 20 form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM STATEMENT OF COMPREHENSIVE INCOME (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2016**

	Half year ended		Quarter Ended	
	December 31, 2016	December 31, 2015	December 31, 2016	December 31, 2015
	----- Rupees -----			
Profit for the period	9,839,643	11,231,589	5,291,917	8,675,464
Unrealized gain on remeasurement	28,636,759	-	28,636,759	-
Total comprehensive income	38,476,402	11,231,589	33,928,676	8,675,464

The annexed notes from 1 to 20 form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM STATEMENT OF CASH FLOW (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2016**

	(Un-audited) December 31, 2016 Rupees	Audited June 30, 2016 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(Loss) before taxation	13,970,987	(498,075)
Adjustment for non cash items:		
Depreciation	163,765	136,539
Loss / (gain) on remeasurement of investment	(4,052,100)	(176,344)
Capital (gain) / loss on disposal of investment	(1,084,771)	408,188
Dividend income	(413,904)	(2,031,055)
Decline in value of TREC	-	8,663,818
Reversal for doubtful debts	-	(180,000)
Gain on sale of vehicle	-	(1,300)
Financial charges	37,242	57,897
	<u>8,621,219</u>	<u>6,379,668</u>
(Increase) / decrease in current assets		
Trade debts	(8,032,735)	(14,988,513)
Other receivables	(7,111,405)	500,382
Trade deposits and short term prepayments	(13,607,866)	24,622,137
	<u>(28,752,006)</u>	<u>10,134,006</u>
(Decrease) / increase in current liabilities		
Trade and other payables	11,309,447	(19,260,966)
	<u>(8,821,340)</u>	<u>(2,747,292)</u>
Taxes paid	(3,411,912)	(3,289,066)
Financial charges paid	(37,242)	(57,897)
	<u>(3,449,154)</u>	<u>(3,346,963)</u>
Net cash used in operating activities	<u>(12,270,494)</u>	<u>(6,094,255)</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(1,793,338)	(195,500)
Short term investment	4,117,906	1,300
Disposal of investments - net	-	10,643,883
Dividend received	413,904	2,031,055
Net cash generated from investing activities	<u>2,738,472</u>	<u>12,480,738</u>
Net (decrease) / increase in cash and cash equivalent (A+B)	<u>(9,532,022)</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>2,974,241</u>	<u>12,506,263</u>

The annexed notes from 1 to 20 form an integral part of these financial statements.


Chief Executive


Director



DAWOOD EQUITIES LIMITED

**CONDENSED INTERIM STATEMENT OF CHANGES IN EQUITY (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2016**

	Issued, subscribed and paid up capital	Reserves		Total	Total equity	
		Capital				Revenue
		Gain on remeasurement of AFS investment	Share premium			Unappropriated loss
----- Rupees -----						
Balance as at July 01, 2015	249,965,000	4,098,312	74,973,750	(106,300,496)	(27,228,434)	222,736,566
Total comprehensive income for the period						
Profit for the period	-	-	-	11,231,589	11,231,589	11,231,589
Balance as at December 31, 2015	249,965,000	4,098,312	74,973,750	(95,068,907)	(15,996,845)	233,968,155
Balance as at July 01, 2016	249,965,000	3,905,958	74,973,750	(105,295,623)	(26,415,915)	223,549,085
Total comprehensive income for the period						
Profit for the period	-	-	-	9,839,643	9,839,643	9,839,643
Other comprehensive income						
Unrealized gain on remeasurement	-	28,636,759	-	-	28,636,759	28,636,759
	-	28,636,759	-	9,839,643	38,476,402	38,476,402
Balance as at December 31, 2016	249,965,000	32,542,717	74,973,750	(95,455,980)	12,060,487	262,025,487

The annexed notes from 1 to 20 form an integral part of these financial statements.

Chief Executive

Director



DAWOOD EQUITIES LIMITED

**NOTES TO THE FINANCIAL STATEMENTS (UN-AUDITED)
FOR THE PERIOD ENDED DECEMBER 31, 2016**

1 NATURE AND STATUS OF BUSINESS

Dawood Equities Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on May 3, 2006 under the 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.

2. BASIS OF PRESENTATION

2.1 Statement of Compliance

This condensed interim financial report of the company for the six months period ended December 31, 2016 has been prepared in accordance with the requirements of the International Accounting Standard 34 - Interim Financial Reporting and provisions of and directives issued under the Companies Ordinance, 1984. In case where requirements differ, the provisions of or directives issued under the Companies Ordinance, 1984 have been followed.

This condensed interim financial report is unaudited but subject to limited scope review by auditors. This condensed interim financial report do not include all of the information and disclosures required in the financial statements, and should be read in conjunction with the Company's annual financial statements for the year ended June 30, 2016.

2.2 Functional and Presentation Currency

This condensed interim financial report has been presented in Pakistan Rupees, which is the functional currency of the Company.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report is the same as those applied in the preparation of the financial statements for the year ended June 30, 2016.

Available for sale investments for which reliable estimate of market value is not available are measured at cost.

Certain standards, amendments and interpretations to the approved accounting standards are effective for accounting periods beginning on or after July 1, 2016 but are considered not to be relevant or have any significant effect on the Company's operation and are therefore not detailed in this condensed interim financial report.

4. ESTIMATES

The preparation of this condensed interim financial report in conformity with approved accounting standards requires management to make estimates, assumptions and use judgments that affect the application of policies and reported amounts of assets and liabilities and income and expenses. Estimates, assumptions and judgments are continually evaluated and are based on historical experience and other factors, including reasonable expectations of future events. Revisions to accounting estimates are recognised prospectively commencing from the period of revision.

In preparing this condensed interim financial report, the significant judgments made by management in applying the Company's accounting policies and the key sources of estimation and uncertainty were the same as those that applied to the financial statements as at and for the year ended 30 June, 2016.



DAWOOD EQUITIES LIMITED

The Company's financial risk management objectives and policies are consistent with those disclosed in the financial statements as at and for the year ended June 30, 2016.

		(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
5 PROPERTY AND EQUIPMENT			
Opening net book value		341,236	282,275
Add: Additions	5.1	14,399,888	195,500
Less: Disposals-net			
Cost		-	13,000
Depreciation		-	(13,000)
		-	-
Depreciation		(163,765)	(136,539)
Closing net book value		<u>14,577,359</u>	<u>341,236</u>
5.1 Following additions were made during the period			
Furniture and fixture		280,388	-
Computer equipment		56,500	-
Office equipment		63,000	-
Land and building		14,000,000	-
		<u>14,399,888</u>	-
6 INTANGIBLE ASSETS			
Trading Rights Entitlement Certificates (TRECs)		<u>5,000,000</u>	<u>5,000,000</u>
7 LONG TERM INVESTMENT			
Investment in shares of Pakistan Stock Exchange Limited - available for sale	7.1	40,242,140	40,434,494
Unrealized gain on remeasurement		28,636,759	-
		<u>68,878,899</u>	<u>40,434,494</u>

7.1 Investment in shares of Pakistan Stock Exchange Limited

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

1. Bidding for taking over 40% shares of Pakistan Stock exchange has concluded and share price of Rs.28 has been offered by the Chinese consortium which comprises three Chinese exchanges — China Financial Futures Exchange Company Limited (lead bidder), Shanghai Stock Exchange and Shenzhen Stock Exchange.; Chinese Consortium will take over 30% while Pak-China Investment Company Limited and Habib Bank Limited will take over 5% each.

2. 60% of the total shares (i.e. 2,404,430 shares) have been deposited in a sub-account in Company's name under PSX participant ID with CDC which will remain blocked until they are divested to strategic investor(s), general public and financial institutions.



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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 PSX shall be listed within such time as the SECP may prescribe in consultation with the Board of Directors of PSX.

8 DEFERRED TAXATION

Deferred tax asset amounting to Rs.38.9 (June 30, 2016 : Rs. 54.455) millions has not been recognized on the ground that uncertainty exist regarding future profits of the Company against which the asset could be utilized, accordingly deferred tax is recognised to the extent upto which profitability is expected in next five years based on current profitability of the company.

	Note	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2016 Rupees
9 SHORT TERM INVESTMENTS			
In related parties- at fair value through profit or loss	9.1	1,501,243	1,350,729
In related parties- available for sale at cost	9.2	7,538,755	3,318,755
Others- at fair value through profit or loss	9.3	10,360,295	13,711,844
		<u>19,400,293</u>	<u>18,381,328</u>

9.1 Investment in Related Parties

Financial Assets - at fair value through profit and loss - Held for trading

December 31, 2016 Number of Shares	June 30, 2016 Number of Shares		(Un-audited) December 31, 2016 Rupees	(Audited) June 30 2016 Rupees
567,613	567,613	Dawood Capital Management Ltd.	1,220,368	1,220,368
77,805	127,805	First Dawood Investment Bank Ltd.	228,824	132,917
			1,449,192	1,353,285
		Gain / (loss) on remeasurement of investments	52,051	(2,556)
			<u>1,501,243</u>	<u>1,350,729</u>
The market value of each listed security is as follows:				
		Dawood Capital Management Ltd.	2.15	-
		First Dawood Investment Bank Ltd.	3.61	-

9.2 Financial Assets - Available for sale - at cost

December 31, 2016 Number of Shares	June 30, 2016 Number of Shares		(Un-audited) December 31, 2016 Rupees	(Audited) June 30 2016 Rupees
94,000	363,500	Dawood Family Takaful Company Ltd.	7,538,755	3,318,755



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9.3 Other investments

Financial Assets - at fair value through profit and loss - Held for trading

		(Un-audited) December 31, 2016 Rupees	(Audited) June 30 2016 Rupees
	Note		
Ordinary shares	9.3.1	8,755,927	12,149,392
Units of mutual funds	9.3.2	<u>1,604,368</u>	<u>1,562,452</u>
		<u>10,360,295</u>	<u>13,711,844</u>

9.3.1 Held for trading - Ordinary Shares

December 31, 2016	June 30, 2016		Number of Shares		
-	8,205	Adamjee Insurance Company Limited	-	-	439,214
1,500	1,200	Akzo Nobel Pakistan Limited	373,215	-	231,516
-	6,000	Allied Bank Limited	-	-	552,000
5,420	5,420	Arif Habib Corporation Limited	220,767	-	220,323
-	22,500	Askari Bank Limited	-	-	421,875
720	720	Attock Petroleum Limited	374,400	-	310,205
25,000	-	Bank of Punjab	441,268	-	-
100	5,500	Dawood Lawrencepur Limited	21,653	-	775,406
-	15,000	Dewan Cement Limited	-	-	218,506
30,973	67,473	Engro Polymer & Chemicals	402,096	-	615,410
500	15,500	Engro Powergen Qadirpur Limited	15,690	-	469,960
-	15,000	Fatima Fertilizer Company Limited	-	-	499,200
16,675	6,675	Fauji Fertilizer Bin Qasim Limited	857,060	-	358,053
-	10,000	Faysal Bank Limited	-	-	141,500
-	1,000	Gadoon Textile Mills Limited	-	-	123,415
-	2,500	Gandhara Nissan Limited	-	-	418,412
-	2,500	GlaxoSmithKline Pakistan Limited	-	-	538,575
-	25,000	Golden Arrow Selected Stocks	-	-	194,750
-	5,000	Gul Ahmed Textile Mills Limited	-	-	170,013
-	6,000	Habib Metropolitan Bank Limited	-	-	176,340
-	4,000	High Tech Lubricants Limited	-	-	230,950
5,000	-	Hub Power Company Limited	595,850	-	-
1,828	1,828	ICI Pakistan Limited	1,192,203	-	785,949
50,000	75,000	K-Electric Limited	457,814	-	608,125
1,500	1,500	Kot Addu Power Company Limited	125,535	-	115,755
121,672	181,672	Lotte Chemical Pakistan Limited	948,705	-	1,061,279
-	175	National Bank of Pakistan	-	-	9,041
-	500	Nishat Mills Limited	-	-	61,336
5,000	-	Oil & Gas Development Company	825,115	-	-
200	-	Service industries Limited	270,687	-	-
-	10,000	Saif Power Limited	-	-	287,500



DAWOOD EQUITIES LIMITED

December 31, 2016	June 30, 2016			
Number of Shares				
5,000	-	Sui Northern Gas Pipelines Limited	219,180	-
-	5,000	Synthetic Products Enterprises System Limited	-	215,100
5,000	-	Thal Limited	423,892	-
-	300	TPL Tracker Limited	-	76,413
-	26,500	Treet Corporation Limited	-	339,583
-	6,000	TRG Pakistan Limited-"Class A"	-	284,940
-	5,000		-	192,027
			7,765,130	12,035,341
		Gain on remeasurement of investments	990,797	114,051
			8,755,927	12,149,392
			(Un-audited)	(Audited)
			December 31,	June 30
			2016	2016
		Note	Rupees	Rupees

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

Arif Habib Corporation Limited	44.00	-
Akzo Nobel Pakistan Limited	234.02	-
Attock Petroleum Limited	684.62	-
The Bank Of Punjab	17.65	-
Dawood Capital Management Ltd-Freeze	2.15	-
Dawood Lawrencepur Limited	253.00	-
Engro Polymer & Chemicals Ltd	18.46	-
Engro Powergen Qadirpur Limited	34.76	-
First Dawood Investment Bank	3.61	-
Fauji Fertilizer Bin Qasim Limited	51.21	-
The Hub Power Company Limited	123.48	-
Ici Pakistan Limited	993.73	-
Kot Addu Power Company Limited	78.80	-
K-Electric Limited	9.37	-
Lotte Chemical Pakistan Limited	8.32	-
Oil & Gas Development Company	165.35	-
Service Industries Limited	1,497.11	-
Sui Southern Gas Company Limited	36.35	-
Systems Limited	84.60	-

9.3.2 Units of Mutual funds

December 31, 2015	June 30, 2015			
Number of Units				
128,722	147,659	NAFA Government Securities Liquid Fund	1,562,452	1,436,894
		Gain on remeasurement of units	41,916	125,558
			1,604,368	1,562,452



DAWOOD EQUITIES LIMITED

10 TRADE DEBTS

Considered good		45,539,930	35,111,191
Considered doubtful		131,355,054	127,844,647
	10.1	176,894,984	162,955,839
Provision for doubtful receivables		(78,414,691)	(78,594,691)
		98,480,293	84,361,148

10.1 This includes an amount of Rs. 4,349,906 (June 30, 2015 : Rs.2,012,186) receivable from related parties of the Company.

		(Un-audited)	(Audited)
		December 31,	June 30,
		2016	2016
	Note	Rupees	Rupees

11 CASH AND BANK

Cash in hand		22,334	4,136
Cash at bank			
In current accounts		2,620,201	12,358,257
In saving account		331,706	143,870
	11.1	2,951,907	12,502,127
		2,974,241	12,506,263

		(Un-audited)	(Audited)
		December 31,	June 30,
		2016	2016
	Note	Rupees	Rupees

11.1 Balance pertaining to:

- clients		1,273,842	9,066,506
- brokerage house		1,678,065	3,439,757
		2,951,907	12,506,263

12 TRADE AND OTHER PAYABLE

Trade creditors	12.1	23,257,236	11,316,061
Due to dealer		2,997,919	1,025,638
Temporary overdraft		-	68,095
Accrued expenses		1,154,646	9,667,419
Withholding tax payable		651,423	586,979
		28,061,224	22,664,192

12.1 This includes an amount of Rs. 4,040,933 (June 30, 2015 : Rs.169,257) payable to related parties of the Company.

13 CONTINGENCIES & COMMITMENTS

The status of contingencies as were reported in the financial statements for the year ended June 30, 2015 is same as follows:



DAWOOD EQUITIES LIMITED

13.1The Company has filed a suit in the Honorable Sindh High Court Karachi against one of its corporate client against recovery of Rs.75.436 million and proceedings are in process. Currently negotiations outside court is in process and therefore no further provision during current year has been made and management believes that provision of Rs. 28.672 million is sufficient.

13.2Compromise 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 will be 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.

13.3Commitment against unrecorded transactions executed before year end having settlement date subsequent to period end :-

	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2015 Rupees
For purchase of shares	<u>178,528,636</u>	<u>40,211,394</u>
For sale of shares	<u>159,369,874</u>	<u>62,569,575</u>

	(Un-audited) December 31, 2016 Rupees	(Audited) June 30, 2015 Rupees
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14 OPERATING REVENUE

Brokerage commission	12,067,890	8,930,707
Underwriting commission	-	1,005,620
Custody / Laga / NCSS Fees	1,553,568	1,423,973
Dividend income	413,904	1,267,594
Profit on cash exposure deposit	113,261	109,534
	<u>14,148,623</u>	<u>12,737,428</u>

14.1 Brokerage commission

Gross commission	14,991,591	18,709,779
Federal excise duty	(2,923,701)	(2,225,551)
	<u>12,067,890</u>	<u>16,484,228</u>
Commission to agents and dealers	-	(7,553,521)
	<u>12,067,890</u>	<u>8,930,707</u>

14.2 Turnover during the year

Corporate	41,657,602	-
Individual	468,341,877	-
In-House investment	3,269,024	-
	<u>513,268,503</u>	<u>-</u>



DAWOOD EQUITIES LIMITED

15 TAXATION-NET

Current tax	(2,183,043)	(944,960)
Deferred tax	(1,948,301)	7,331,723
	<u>(4,131,344)</u>	<u>6,386,763</u>

16 PROVISION FOR IMPAIRMENT LOSSES

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

	Dec 31,2016		June 30,2016	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1-30 days	41,089,253	-	30,998,640	-
Past due 31 days -90 days	3,861,016	-	2,941,972	-
Past due 90 days -1 year	589,660	-	8,186,229	-
More than one year	131,355,054	(78,504,691)	126,825,408	(78,504,691)
Total	<u>176,894,983</u>	<u>(78,504,691)</u>	<u>168,952,249</u>	<u>(78,504,691)</u>

Company expects that no provision is required based as past recoveries as well as securities held. Further refer Note -13 for pending law suit based on which no further provision is made on corporate client.

17 PATTERN OF SHAREHOLDINGS

Following are the shareholders having more than 5% holding as at December 31, 2016:

Sr. No.	Name of Shareholder	No. of Shares Held	Percentage %
1.	Ayaz Dawood	4,822,131	19.29
2.	The Bank Of Khyber	3,750,000	15.00
3.	Asim Abdul Ghani	2,513,000	10.05
4.	B.R.R. Guardian Modaraba	1,800,000	7.20
		<u>12,885,131</u>	<u>51.54</u>

Changes in following share holding pattern exceeds 5% during preceding six months :

Banks, DFI's, NBFC's, Insurance Companies, Takaful, Modarabas & Pension Funds	<u>5,849,177</u>	<u>-9.45%</u>
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18 TRANSACTION WITH RELATED PARTIES

Related parties comprises of major shareholders, associated companies with or without common directors, other companies with common directors, retirement benefits fund, directors, key management personal and their close family members.



DAWOOD EQUITIES LIMITED

(Un-Audited)		(Un-Audited)	
Half year ended		Quarter ended	
December 31,	December 31,	December 31,	December 31,
2016	2015	2016	2015
Rupees	Rupees	Rupees	Rupees

Commission earned from brokerage transactions with member companies and key management personnel of members companies

1,757,057	1,246,970	948,692	457,498
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Expenses paid to member companies

66,000	66,000	33,000	33,000
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19 DATE FOR AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these interim financial statements for issue on **February 27, 2017**.

20 GENERAL

Amounts have been rounded off to the nearest rupee unless otherwise stated.

Chief Executive

Director

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