



DAWOOD EQUITIES LIMITED

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2015



Contents	Page
<ul style="list-style-type: none"> Corporate Objective..... 2 <ul style="list-style-type: none"> ○ Our Vision..... 2 ○ Our Mission..... 2 	
<ul style="list-style-type: none"> Company information..... 3 	
<ul style="list-style-type: none"> Notice of Annual General Meeting (AGM-X)..... 4 	
<ul style="list-style-type: none"> Directors' Report..... 5 	
<ul style="list-style-type: none"> Pattern of Share Holding..... 9 	
<ul style="list-style-type: none"> Financial Highlights..... 12 	
<ul style="list-style-type: none"> Statement of Compliance With the Code Of Corporate Governance..... 13 	
<ul style="list-style-type: none"> Auditors' Report..... 15 	
<ul style="list-style-type: none"> Review Report To The Member On Statement Of Compliance With Best Practice Of Code Of Corporate Governance..... 16 	
<ul style="list-style-type: none"> Financial Statement <ul style="list-style-type: none"> ○ Balance Sheet..... 17 ○ Profit & Loss Account..... 18 ○ Statement of Comprehensive Income 19 ○ Statement of Cash Flow..... 22 ○ Statement of Changes in Equity..... 21 ○ Notes to the Financial Statement..... 22 	
<ul style="list-style-type: none"> Proxy Form 49 	





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	Abdul Aziz Habib (Chairman) Non Executive Director Mr. Junaid Zakaria Dada (Chief Executive) (Subject to Approval of Karachi Stock Exchange Limited) Mr. Khalid Yousuf (Non executive Director) Mr. Asim Iftekhar Yakoob (Independent Director) Ms. Rubina Khanum (Independent Director) Syed Muhammad Abbas (Non Executive Director) Syed Ijlal Haider (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
Auditor	Haroon Zakaria & Co.
Legal Advisor	Irfan Haroon & Associates
Bankers	Bank Al Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited United Bank Limited Burj Bank Limited MCB Bank Limited
Website	www.dawoodequities.com
Registered Head Office	1900-B Saima Trade Towers, I.I. Chundrigar 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 1st Floor, Chang Chamber, Saddar Bazar, Cantonment, Hyderabad. Tel: (92-22) 2783856 Fax: (92-22) 3864718
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-X)

Notice is hereby given that the AGM X of Dawood Equities Limited will be held at its Registered Office, 1900-B, Saima Trade Towers, I. I. Chundrigar Road, Karachi on Saturday October 31, 2015 at 08:45 a.m. to transact the following business:

Ordinary Businesses

1. To confirm the minutes of IX Annual General Meeting held on October 30, 2014.
2. To receive, consider and adopt the Audited Financial Statements of the Company for the year ended June 30, 2015 together with Directors' and Auditors' Reports thereon.
3. To consider the appointment of Auditors for the year ending June 30, 2016 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. To elect seven directors of the company as fixed by board of directors. The following are retiring directors and are eligible to offer themselves for re-election:
 - i. Junaid Dada
 - ii. Abdul Aziz Habib
 - iii. Asim Iftkhar Yaqoob
 - iv. Rubina Khanum
 - v. Muhammad Abbas
 - vi. Khalid Yousuf
 - vii. Syed Ijlal Haider (Subject to approval of KSE)
5. Any other Business with the permission of the Chair.

By Order of the Board

October 08, 2015

Karachi

Salman Yaqoob
CFO & Company Secretary

Notes:

1. The share transfer books of the Company shall remain closed from October 23, 2015 to October 31, 2015 (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. Any person who seeks to contest an election to the office of director shall, whether he is a retiring director or otherwise, file with the company, not later than fourteen days before the date of the meeting at which elections are to be held, a notice of his intention to offer himself/herself for election as a director in terms of section 178(3) of the Companies Ordinance 1984.
5. As per directives of SECP, All Shareholders are requested to submit their copy of CNIC to the Registrar for updating of record. Otherwise, future dividend warrants could be withheld by the Company that may be caused inconvenience.



DAWOOD EQUITIES LIMITED

DIRECTORS' REPORT TO THE MEMBERS

On the behalf of Board of Directors of Dawood Equities Limited (the "Company"), I am pleased to present herewith Annual Report of the company and Audited Financial Statements of for the financial year ended June 30, 2015, together with the Auditor's Report thereon.

NATURE OF BUSINESS

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

ECONOMIC REVIEW

Pakistan's economy has emerged from turbulent times with significant improvement on major fronts. The country experienced most of the challenges prevalent last year, including energy shortages, dismal law and order situation, low private sector investment, and persisting floods damaging agricultural activity. Moreover, political sit-ins during the earlier part of the year also hampered economic performance. Despite challenges, improving macros and sound policies enabled the country to churn out a respectable GDP growth figure of 4.2% YoY during FY15.

The biggest stimulus during the year was on the global front, as oil prices underwent a massive decline, with Brent Crude falling 33% YoY during FY15. Having a major impact on the country's import bill as well as inflation, sliding oil prices came as a welcome boost for the economy, resulting in 11 year low CPI inflation of 4.6% YoY. This provided the SBP with sufficient room to slash the Policy Rate by 300bps during the year to 7.0%.

On the external front, the Current Account Balance was negative USD 2.28bn, (-0.8% of GDP) compared to negative USD 3.13bn, (-1.3% of GDP) last year. A surge in remittances to USD 18.5 bn aided considerably in reducing the overall deficit. Foreign exchange reserves reached USD 18.7bn, an all-time high, up by 32% YoY. Privatization proceeds, continued support from the IMF and the Coalition Support Fund inflows alongside Eurobond issue all contributed towards shoring up FX reserves.

On the fiscal side, overall deficit as a percentage of GDP fell to 5.0% during FY15 (FY14: 5.5%). This was achieved through increase in tax revenues, rising 15.8% YoY, while expenditures were kept relatively constant, increasing marginally by 0.8% YoY.

STOCK MARKET REVIEW

FY15 turned out to be yet another outstanding year for the KSE-100 Index, which rose 16% YoY. The market exhibited an impressive performance due to improving macros (fall in oil and commodity prices) with additional impetus from other key factors, such as CPEC and improved sovereign credit ratings. Going forward, with an improving law and order situation, increased investment in the energy sector, and expected improvement on the fiscal front through increased taxation and reduction in overall subsidies.

FINANCIAL PERFORMANCE

Our financial results reflect better performance fuelled by growth in market volumes and values. The Company earned operating revenue of Rs.17.7 million as compare to Rs.13.5 million in last year. During the year under review, your Company's year - end profit after tax was PKR 46.6 million as compared to PKR 10.93 million in FY14. This translates to earnings per share of PKR 1.87 compared to PKR 0.44 in the previous year.



DAWOOD EQUITIES LIMITED

The current assets are Rs. 161.58 million during the year as compared to Rs. 123.46 million as of June 30, 2013, where as the current liability is Rs.41.03 million as compare to Rs. 21.82 million in previous year.

The summary of Financial Results is as follows:

	June 30, 2015 Rupees	June 30, 2014 Rupees	% Change
Net Revenue	17,716,575	13,565,521	30.6
Capital Gain on disposal of investments	2,936,657	347,496	745
Gain/(Loss) on re-measurement of investments at fair value through profit & loss	(568,478)	53,137	-1170
Administrative Expenses	(10,367,520)	(10,017,906)	3.48
Financial Charges	(64,227)	(74,871)	-14.2
Other Operating Income	4,210,716	9,091,369	-53.68
Other Operating Charges	(563,850)	(971,832)	-41.9
Profit before tax	13,299,873	11,994,914	10.9
Taxation	33,319,263	(1,064,585)	-3229
Profit after tax	46,619,136	10,930,329	326.5
Earnings per share basic and diluted	1.87	0.44	325
Average Daily Volume Traded	2,459,586	2,383,787	3.18

STATEMENT OF COMPLIANCE

Your company has implemented provisions of the Code of Corporate Governance, since listing at Karachi 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.

RELATED PARTY TRANSACTIONS

In order to comply with the requirement of listing regulations, the company presented all related party transactions before the Audit Committee and the Board for their review and approval.

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.



DAWOOD EQUITIES LIMITED

CORPORATE AND FINANCIAL REPORTING FRAMEWORK

As required by the Code of Corporate Governance we are pleased to report the following:

- 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.1,054,041/- as at June 30, 2015.

EMPHASIS OF MATTER PARAGRAPH IN AUDITORS' REPORT

We draw attention of the users of the financial statements to the note 17.1 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. Our opinion is not qualified in respect of this matter.

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 8.1 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.

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. Abdul Qadir Sakhi	3	N/A
Mr. Junaid Zakaria Dada	4	4
Ms. Rubina Khannum	4	4
Mr. Asim Iftekhhar	4	4
Mr. Muhammad Abbas	4	N/A
Mr. Muhammad Khalid	4	N/A



DAWOOD EQUITIES LIMITED

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, 2015, as required under the listing regulations, has been appended to the Annual Report on Page No.9 to 11.

CASUAL VACANCY

No casual vacancy has occurred and filled up during the year.

FUTURE OUTLOOK

The future prospects of Your Company 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 on account of our increasing relationship with local fund managers and broker dealers. We are confident that our team has the capacity to contribute to improving our market share by leveraging our strengths.

We are also eyeing increased activity on account of new equity and debt listings and secondary public offerings of major government held companies for which our Corporate Finance department is well poised. We are confident that the investment portfolio will keep delivering better results going forward as the market is still offering opportunities. We are also making strides to provide excellent research services to our local and international clients to improve our business and reflect our brand's strong performance and recognition.

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, 2016.

ACKNOWLEDGEMENT

We are grateful to the Company's stakeholders for their continuing confidence and patronage. We record our appreciation to our clients, stakeholders, the State Bank of Pakistan, the Securities & Exchange Commission of Pakistan, Central Depository Company of Pakistan and the managements of Karachi Stock Exchange for their continuing support and guidance.

Abdul Aziz Habib
Chairman

Karachi: September 28, 2015.



DAWOOD EQUITIES LIMITED

Pattern Of Share Holding - Form "34"
Shareholders Statistics As At June 30, 2015

Number Of Share Holders	Share Holding		Total Shares Held
	From	To	
87	1	- 100	1,550
2462	101	- 500	1,223,166
377	501	- 1,000	373,340
439	1,001	- 5,000	1,152,479
99	5,001	- 10,000	741,181
35	10,001	- 15,000	445,620
16	15,001	- 20,000	292,582
14	20,001	- 25,000	318,758
7	25,001	- 30,000	190,378
7	30,001	- 35,000	232,500
7	35,001	- 40,000	264,658
3	40,001	- 45,000	129,701
5	45,001	- 50,000	245,751
2	50,001	- 55,000	104,758
1	55,001	- 60,000	57,500
2	60,001	- 65,000	126,000
2	65,001	- 70,000	139,000
1	80,001	- 85,000	84,000
1	85,001	- 90,000	86,330
5	95,001	- 100,000	496,846
1	100,001	- 105,000	100,500
1	110,001	- 115,000	111,000
1	120,001	- 125,000	123,500
1	155,001	- 160,000	158,350
1	180,001	- 185,000	181,500
1	195,001	- 200,000	200,000
1	220,001	- 225,000	220,933
3	225,001	- 230,000	690,000
1	245,001	- 250,000	250,000
1	485,001	- 490,000	490,000
2	495,001	- 500,000	1,000,000
1	550,001	- 555,000	551,000
1	595,001	- 600,000	600,000
1	835,001	- 840,000	836,688
1	995,001	- 1,000,000	998,000
1	2,470,001	- 2,475,000	2,475,000
1	2,495,001	- 2,500,000	2,499,000
1	3,145,001	- 3,150,000	3,150,000
1	3,655,001	- 3,666,000	3,658,431
3,594			25,000,000



DAWOOD EQUITIES LIMITED

**Pattern Of Share Holding - Form "34"
Shareholders Statistics As At June 30, 2015**

S. No.	Categories Of Shareholders	Number Of Share Holders	Total Shares Held	Percentage
1	Individuals	3,571	16,782,382	67.13
2	Financial Institutions	3	3,834,000	15.34
3	Investment Companies	4	741,000	2.96
4	Joint Stock Companies	13	143,971	0.58
5	Modaraba	1	2,499,000	10.00
6	Insurance Companies	1	1,647	0.01
7	Mutual Fund	1	998,000	3.99
		3,594	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, 2015**

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 Mr. Abdul Qadir Sakhi Mr. Aziz Habib Mr. Junaid Zakaria Dada Mr. Asim Ifkikhar Mrs. Rubina Khanum Mr. Khalid Younus Mr. Muhammd Abbas	7	1 1 1 500 1,000 599 500	2,601	0.01
4	Executive		Nil		
5	Public Sector Companies & Corporations	1		1,647	0.01
6	Banks, DFIs, NBFIs, Modarabas, Insurance Companies, Mutual Funds & Others	22		8,215,971	32.86

Shareholders holding Shares 5% or more

Total Paid up Capital	25,000,000	Shares	
		Holding	%
The Bank of Khyber		3,750,000	15.00
Ayaz Dawood		3,658,431	14.63
B.R.R. Guardian Modaraba		2,499,000	10.00
Muhammad Ayub		2,475,000	9.90



DAWOOD EQUITIES LIMITED

Financial Highlights

Financial Year ending June30,	2,015	2,014	2,013	2,012	2,011	2,010
Operating Results						
Operating Revenue	17,716,575	13,567,521	7,723,326	3,615,580	4,263,149	7,547,411
Capital (Loss) Gain on disposal investment-net	2,936,657	347,496	1,757,630	(72,825)	1,923,139	3,470,467
Loss/Gain on remeasurement of investments carried at fair value of through profit and loss.	(568,478)	53,137	2,426,430	(1,520,861)	(996,440)	(4,733,980)
Administrative Expenses	10,367,520	10,017,906	7,222,355	7,281,577	10,842,782	11,091,206
Financial Charges	64,227	74,871	(54,591)	(58,827)	(43,441)	370,940
Other Operating Income	4,210,716	9,091,369	569,110	9,141,707	514,461	623,639
Other Charges	(563,850)	(971,832)	(214,282)	(21,946,809)	(44,666,936)	(40,524,648)
(Loss)/Profit before taxation	13,299,873	11,994,914	4,985,26	(18,123,612)	(49,848,850)	(45,079,077)
Taxation	33,319,263	(1,064,585)	(103,799)	(243,398)	(246,431)	(619,602)
(Loss)/Gain after taxation	46,619,136	10,930,329	4,881,469	(18,367,010)	(50,095,281)	(45,698,679)
EPS	1.87	0.44	0.20	(0.73)	(2.00)	(2.00)
Pay outs						
Dividend						
Bonus%						
Capital & Reserve						
Authorised Share Capital	300,000,00	300,000,00	300,000,000	300,000,000	300,000,00	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	(27,228,434)	(74,208,234)	(88,876,211)	(93,757,680)	(75,390,670)	(25,295,389)
Share Application Money						
Assets & Liabilities						
Total Assets	258,749,308	216,794,729	182,916,871	180,140,999	185,460,079	255,213,009
Current Assets	168,231,221	161,576,802	123,463,791	120,357,486	125,138,452	139,924,970
Current Liabilities	36,012,742	41,037,963	21,828,082	23,933,679	10,885,749	12,801,173



DAWOOD EQUITIES LIMITED

Statement of Compliance with the Code of Corporate Governance

Name of Company: Dawood Equities Limited

Year Ended: June 30, 2015

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in Regulation No. 35 of Chapter XI listing regulation of Karachi Stock Exchange Limited for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.

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 includes:

Category	Names
Executive Directors	Mr. Junaid Zakaria Dada
Non-Executive Directors	Mr. Abdul Aziz Habib
	Mr. Khalid Rafique
	Mr. Muhammad Abbas
	Syed Ijlal Haider (Subject to approval of KSE)
Independent Directors	Mr. Asim Iftikhar Yaqub
	Mr. Rubina Khannum

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, 2015.
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

14. The Company has complied with all the corporate and financial reporting requirements of the CCG.
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 non executives 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 3 members; all of them including Chairman are non-executive directors.
18. The Board has setup an effective internal audit function.
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

Abdul Aziz Habib
Chairman

Karachi
Dated: September 28, 2015



DAWOOD EQUITIES LIMITED

Auditors' Reports To The Mambers

We have audited the annexed Balance Sheet of **Dawood Equities Limited** as at June 30, 2015 and related profit and loss account, statement of other 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 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 Companies Ordinance, 1984;
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984 and are in agreement with the books of 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 conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the Company's affairs as at June 30, 2015 and of the profit, its cash flows and changes in equity for the year then ended; and
- (d) in our opinion, no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980.

Emphasis of matters

We draw attention of the users of the financial statements to the note 18.1 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.

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 based on projections of future profitability and uncertainty is attached with those projections.

Our opinion is not qualified in respect of these matters.

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 Statement of Compliance with the best practices contained in the Code of Corporate Governance prepared by the Board of Directors of **DAWOOD EQUITIES LIMITED** ("the Company") to comply with the relevant Listing Regulation of Karachi Stock Exchange where the Company is listed.

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

As part of our audit of 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's 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, Sub- Regulation (x) of Listing Regulation No. 35 notified by The Karachi Stock Exchange Limited requires the Company to place before the Board of Directors for their consideration and approval related party transactions distinguishing between transactions 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 recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related party transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedures to determine whether the related party transactions were under taken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance as applicable to the Company the year ended June 30, 2015.

We draw attention to note 9 of the annexed Statement of Compliance which highlights that none of the directors has attended any training program of Corporate Governance and note 1 of annexed Statement of Compliance which highlights number of directors of company.

Our conclusion is not qualified in respect of this matter.

**Haroon Zakaria & Company
Chartered Accountants**

**Place: Karachi
Dated:**



DAWOOD EQUITIES LIMITED

Balance Sheet
As At June 30, 2015

	Note	2015 Rupees	2014 Rupees
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	4	282,275	342,779
Intangible assets	5	13,663,818	13,663,818
Long term investment	6	40,434,494	40,073,830
Long term deposits	7	1,137,500	1,137,500
Deferred taxation	8	35,000,000	-
		<u>90,518,087</u>	<u>55,217,927</u>
Current Assets			
Short term investments	9	29,257,054	52,860,491
Trade debts	10	75,279,045	75,725,029
Trade deposits and short term prepayments	11	33,563,082	6,353,097
Other receivable	12	18,407,784	19,423,041
Tax refunds due from government	13	5,604,476	4,113,121
Cash and bank balances	14	6,119,780	3,102,023
		<u>168,231,221</u>	<u>161,576,801</u>
Total Assets		<u>258,749,308</u>	<u>216,794,728</u>
<u>EQUITY AND LIABILITIES</u>			
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			
Reserves	15	249,965,000	249,965,000
	16	(27,228,434)	(74,208,234)
		<u>222,736,566</u>	<u>175,756,766</u>
Current Liabilities			
Trade and other payables			
Contingencies and Commitments	17	36,012,742	41,037,963
Total Equity and Liabilities	18	<u>258,749,308</u>	<u>216,794,729</u>

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

Director

Director

In Absences of Chief Executive Approval from the Karachi Stock Exchange Limited, two directors are signing the financial statements including proposed Chief Executive being director.



DAWOOD EQUITIES LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2015**

	Note	2015 Rupees	2014 Rupees
Operating revenue	19	17,716,575	13,567,521
Capital gain on disposal of investments - net	20	2,936,657	347,496
(Loss)/Gain on remeasurement of investments carried at fair value through profit and loss	21	<u>(568,478)</u>	<u>53,137</u>
		20,084,754	13,968,154
Administrative expenses	22	<u>(10,367,520)</u>	<u>(10,017,906)</u>
		9,717,234	3,950,248
Financial charges	23	<u>(64,227)</u>	<u>(74,871)</u>
		9,653,007	3,875,377
Other operating income	24	4,210,716	9,091,369
Other operating charges	25	<u>(563,850)</u>	<u>(971,832)</u>
Profit before taxation		<u>13,299,873</u>	<u>11,994,914</u>
Taxation	26	<u>33,319,263</u>	<u>(1,064,585)</u>
Profit after taxation		<u>46,619,136</u>	<u>10,930,329</u>
Earning per share - Basic and diluted	27	<u>1.87</u>	<u>0.44</u>

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



Director



Director

In Absences of Chief Executive Approval from the Karachi Stock Exchange Limited, two directors are signing the financial statements including proposed Chief Executive being director.



DAWOOD EQUITIES LIMITED

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
Profit for the year	46,619,136	10,930,329
Other comprehensive income	360,664	3,737,648
Total comprehensive income for the year	<u>46,979,800</u>	<u>14,667,977</u>

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



Director

Director

In Absences of Chief Executive Approval from the Karachi Stock Exchange Limited, two directors are signing the financial statements including proposed Chief Executive being director.



DAWOOD EQUITIES LIMITED

**STATEMENT OF CASH FLOW.
FOR THE YEAR ENDED JUNE 30, 2015**

	<i>2015</i>	<i>2014</i>
	<i>Rupees</i>	<i>Rupees</i>
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before taxation	13,299,873	11,994,914
Adjustment for non cash items:		
Depreciation	107,804	148,034
Loss / (gain) on remeasurement of investment	568,478	(53,137)
Capital gain on disposal of investment	(2,936,657)	(347,496)
Dividend income	(1,697,256)	(1,099,154)
Amortization on intangible assets	-	260,000
Reversal for doubtful debts	(135,000)	(1,799,600)
Gain on sale of vehicle	(5,400)	(284,933)
Gain on sale of KSE office	-	(4,581,550)
Provision for bad debt	-	508,232
Financial charges	64,227	74,871
	<u>9,266,069</u>	<u>4,820,181</u>
(Increase) / decrease in current assets		
Trade debts	580,984	(10,531,413)
Loan to staff	-	5,000
Other receivables	1,015,257	(2,713,160)
Trade deposits and short term prepayments	(27,209,985)	(5,522,643)
	<u>(25,613,744)</u>	<u>(18,762,216)</u>
(Decrease) / increase in current liabilities		
Trade and other payables	(5,025,221)	19,209,881
	<u>(21,372,896)</u>	<u>5,267,846</u>
Taxes paid	(3,172,092)	(2,216,099)
Financial charges paid	(64,227)	(74,871)
	<u>(3,236,319)</u>	<u>(2,290,970)</u>
Net cash (used in) / generated from operating activities	<u>(24,609,215)</u>	<u>2,976,876</u>
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	(47,300)	(1,425,300)
Proceeds from sale of property and equipment	5,400	1,250,000
Disposal of investments - net	25,971,616	(2,577,556)
Dividend received	1,697,256	1,099,154
Net cash generated from / (used in) investing activities	<u>27,626,972</u>	<u>(1,653,702)</u>
Net increase in cash and cash equivalents (A+B)	3,017,757	1,323,174
Cash and cash equivalents at the beginning of the period	3,102,023	1,778,849
Cash and cash equivalents at the end of the period	6,119,780	3,102,023

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

Director

Director

In Absences of Chief Executive Approval from the Karachi Stock Exchange Limited, two directors are signing the financial statements including proposed Chief Executive being director.



DAWOOD EQUITIES LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2015**

	Issued, subscribed and paid up capital	Reserves			Sub-Total	Total Equity
		Capital		Revenue		
		Gain/(loss) on remeasurement of AFS investment	Share premium	Accumulated (loss) / profit		
-----Rupees-----						
Balance as at June 30, 2013	249,965,000	-	74,973,750	(163,849,961)	(88,876,211)	161,088,789
Profit for the year				10,930,329	10,930,329	10,930,329
Gain on re-measurement of investment available for sale at par value		3,737,648		-	3,737,648	3,737,648
					14,667,977	
Balance as at June 30, 2014	249,965,000	3,737,648	74,973,750	(152,919,632)	(74,208,234)	175,756,766
Profit for the year	-	-	-	46,619,136.00	46,619,136	46,619,136
Gain on re-measurement of investment available for sale at par value	-	360,664	-	-	360,664	360,664
Total comprehensive income for the year					46,979,800	
Balance as at June 30, 2015	249,965,000	4,098,312	74,973,750	(106,300,496)	(27,228,434)	222,736,566

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


Director


Director

In Absences of Chief Executive Approval from the Karachi Stock Exchange Limited, two directors are signing the financial statements including proposed Chief Executive being director.



DAWOOD EQUITIES LIMITED

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED JUNE 30, 2015

1 CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

Dawood Equities Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on May 3, 2006 under the Companies Ordinance, 1984. The Company commenced commercial operations from October 03, 2006. Subsequently the Company obtained listing on the Karachi Stock Exchange (Guarantee) 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 PREPARATION

2.1 Statement of compliance

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 (IFRS) issued by the International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions of or directives issued under the 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: -



DAWOOD EQUITIES LIMITED

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 equipments 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:

Standards or interpretation	(Effective for annual periods beginning on or after)
IFRS 10 Consolidated Financial Statements	January 01, 2016
IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements- Investment Entities(Amendment)	January 01, 2015



<i>Standards or interpretation</i>	<i>(Effective for annual periods beginning on or after)</i>
IFRS 10 IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of interests in other Entities IAS 27 Separate Financial Statements- Investment Entities-applying the consolidation exception(Amendment)	January 01, 2016
IFRS 10 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)	January 01, 2016
IFRS 11 Joint Arrangements	January 01, 2015
IFRS 11 Joint Arrangements-Accounting for acquisition of interest in Joint operation(Amendment)	January 01, 2016
IFRS 12 Disclosure of Interests in Other Entities	January 01, 2015
IFRS 13 Fair Value Measurement	January 01, 2015
IAS 1 Presentation of Financial Statements - Disclosure Initiative (Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets-Clarification of Acceptable Method of Depreciation and Amortization(Amendment)	January 01, 2016
IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants (Amendment)	January 01, 2016
IAS 27 Separate Financial Statements-Equity Method in Separate Financial Statements	January 01, 2016

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.

Certain annual improvements have also been made to a number of IFRSs.

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



DAWOOD EQUITIES LIMITED

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, 2015 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.



DAWOOD EQUITIES LIMITED

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 Karachi Stock Exchange Limited

Membership card is surrendered by the Company in lieu of shares of KSEL 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 KSE 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.



DAWOOD EQUITIES LIMITED

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.

The Company recognizes a deferred tax asset only to the extent that it is probable that future taxable profits for the foreseeable future will be available against which the asset can be utilized. Deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realized.



DAWOOD EQUITIES LIMITED

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.



DAWOOD EQUITIES LIMITED

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 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	Office equipment	Motor vehicle	
	Rupees			
<u>Year ended June 30, 2015</u>				
Opening net book value	109,724	19,905	213,150	342,779
Additions	47,300	-	-	47,300
Disposals				
Cost	-	-	(89,000)	(89,000)
Depreciation	-	-	89,000	89,000
Net book value	-	-	-	-
Depreciation charge	(51,024)	(4,580)	(52,200)	(107,804)
Closing net book value	106,000	15,325	160,950	282,275
As at June 30, 2015				
Cost	1,435,287	620,587	400,000	2,455,874
Accumulated	(1,329,287)	(605,262)	(239,050)	(2,173,599)
	106,000	15,325	160,950	282,275



DAWOOD EQUITIES LIMITED

<i>Particulars</i>	<i>Owned Assets</i>			<i>Total</i>
	<i>Computers</i>	<i>Office equipment</i>	<i>Motor vehicle</i>	
	----- <i>Rupees</i> -----			
<i>Year ended June 30, 2014</i>				
Opening net book value	30,580	-	-	30,580
Additions	107,400	22,900	1,295,000	1,425,300
Disposals				
Cost	-	-	(1,368,100)	(1,368,100)
Depreciation	-	-	403,033	403,033
Net book value	-	-	(965,067)	(965,067)
Depreciation charge	(28,256)	(2,995)	(116,783)	(148,034)
Closing net book value	109,724	19,905	213,150	342,779
<i>As at June 30, 2014</i>				
Cost	1,387,987	620,587	400,000	2,408,574
Accumulated	(1,278,263)	(600,682)	(186,850)	(2,065,795)
	109,724	19,905	213,150	342,779
Depreciation rate		33%	20%	20%

4.1 The following assets were disposed off during the year:

<i>Particulars</i>	<i>Cost</i>	<i>Accumulate depreciation</i>	<i>Written Down Value</i>	<i>Sales Proceed</i>	<i>Gain on disposal</i>	<i>Mode of disposal</i>	<i>Particulars of buyers</i>
	----- <i>Rupees</i> -----						
Bike	54,000	54,000	-	3,400	3,400	Benefit to employee	Employee
Bike	35,000	35,000	-	2,000	2,000	Benefit to employee	Employee
2015	89,000	89,000	-	5,400	5,400		
2014	1,368,100	403,033	965,067	1,250,000	284,933		



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
5 INTANGIBLE ASSETS			
Computer software	5.1	-	-
TREC	5.2	13,663,818	13,663,818
		13,663,818	13,663,818
5.1 Computer Software			
Opening net book value		-	260,000
Amortization Charge		-	(260,000)
Closing net book value		-	-
As at June 30, 2015			
Cost		1,450,000	1,450,000
Accumulated amortization		(1,450,000)	(1,450,000)
		-	-
Rate of amortization (%)		20	

5.2 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 KSE and a Trading Right Entitlement Certificates (TRECs) in lieu of its membership card of KSE.

	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
6 LONG TERM INVESTMENTS			
Investment in shares of Karachi Stock			
Exchange Limited - available for sale	6.1	36,336,182	36,336,182
Unrealized gain on remeasurement at par value	6.2	4,098,312	3,737,648
		40,434,494	40,073,830

6.1 This represents shares of Karachi Stock Exchange Limited (KSEL) acquired in pursuance of corporatization and demutualization of KSEL as a public company limited by shares. As per the arrangements the authorized and paid-up capital of KSEL 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 KSEL is equally distributed among 200 members of KSEL by issuance of 4,007,383 shares to each member in the following manner:

1. 40% of the total shares allotted (i.e. 1,602,953 shares) are transferred in the House Account - CDC of each initial shareholder;

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



DAWOOD EQUITIES LIMITED

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

In the absence of an active market of the shares of KSE and TREC, the allocation of the carrying value of the membership card of Rs. 50 million between the shares (financial asset) and TREC (an intangible asset) has been made by the company on the basis of similar ratio as between TREC and shares of KSEL in the base minimum capital requirement.

- 6.2 Karachi Stock Exchange Limited has determined value of Karachi Stock Exchange Limited shares for base minimum capital purpose amounting to Rs. 10.09 (2014 : Rs.10) per share.

	<i>2015</i>	<i>2014</i>
	<i>Rupees</i>	<i>Rupees</i>
7 LONG TERM DEPOSITS		
Karachi 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	(23,043)	(18,576)
Alternate corporate tax	(2,232,450)	-
Trade debts-provision for doubtful debts	(26,752,795)	(26,798,695)
Tax losses	(66,414,505)	(34,527,453)
Deferred tax asset	(95,422,792)	(61,344,723)
Deferred tax asset not recognized	60,422,792	61,344,723
	<u>(35,000,000)</u>	<u>-</u>

- 8.1 Deferred tax asset recognised aggregating to Rs.35 million . The management of the Company believes that based on the projections of future taxable profits, it would be able to realise these tax losses in the future. These projections are however, subject to uncertainty.

		<i>2015</i>	<i>2014</i>
	<i>Note</i>	<i>Rupees</i>	<i>Rupees</i>
9 SHORT TERM INVESTMENTS			
In related parties - at fair value through profit & loss	9.1	1,624,557	1,327,133
In related parties - available for sale - at cost	9.2	12,095,000	38,195,000
Others - at fair value through profit & loss	9.3	15,537,496	13,338,358
		<u>29,257,054</u>	<u>52,860,491</u>



DAWOOD EQUITIES LIMITED

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

2015	2014		2015	2014
---- Number of Shares ----			Rupees	Rupees
567,713	567,613	Dawood Capital Management Ltd.	1,135,426	2,015,381
22,500	-	BBR Guardian Modaraba	177,290	-
127,805	127,805	First Dawood Investment Bank Ltd.	191,708	232,605
			1,504,424	2,247,986
		Gain / (Loss) on remeasurement of investments	120,133	(920,853)
			1,624,557	1,327,133

The market value of each listed security is as follows:

Dawood Capital Management Ltd.	2.15	2.00
First Dawood Investment Bank Ltd.	1.80	1.50
BBR Guardian Modaraba	7.73	-

9.2 In related parties - available for sale - at cost

2015	2014		2014	2013
Number of Shares			Rupees	Rupees
1,209,500	3,819,500	Dawood Family Takaful Limited	12,095,000	38,195,000
		9.2.1		

9.2.1 The breakup of value of these shares based on last available audited financial statements, i.e. for the year ended December 31, 2014, of the investee Company is Rs. 5.96 (2014 : Rs.6.29) per share.

	Note	2015	2014
		Rupees	Rupees
9.3 Other investments - at fair value through profit and loss			
Ordinary Shares	9.3.1	13,556,299	11,572,813
Units of mutual funds	9.3.4	1,981,197	1,563,197
Term Finance certificates (TFCs)		-	202,348
		15,537,496	13,338,358



DAWOOD EQUITIES LIMITED

9.3.1 Held for trading - Ordinary Shares

<i>2015</i>	<i>2014</i>	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<i>Number of Shares</i>				
6,920	6,920	Arif Habib Corporation Limited	265,068	153,727
9,675	9,675	Fauji Fertilizer Bin Qasim Limited	478,891	363,200
720	720	Attock Petroleum Limited	424,630	336,672
-	10,000	Azgard Nine Limited	-	63,923
171	1,171	Akzo Noble Pakistan Limited	69,292	103,288
-	12,000	D.G. Khan Cement Limited	-	1,012,960
-	1,000	Dost Steel Limited	-	6,771
130,473	105,473	Engro Polymer & Chemical Limited	1,654,833	2,040,541
300	-	Thall Limited	93,014	-
1,828	1,828	ICI Pakistan Limited	746,690	260,939
4,000	-	Adam Sugar Mills Limited	89,614	-
5,000	-	Engro Fertilizer Limited	438,418	-
150	-	Packages Limited	108,316	-
-	1,000	Lucky Cement Limited	-	209,720
25	3,025	Fauji Fertilizer Company Limited	3,617	320,939
5,175	5,175	National Bank Limited	330,413	269,164
1,535	1,535	National Refinery Limited	312,676	369,290
-	9,500	Nishat Mills Limited	-	1,050,903
-	220	Aisha Steel Limited - Preference Shares received as specie dividend	-	1,762
189,172	189,172	Lotte Chemical Pakistan Limited	1,360,147	1,452,071
50,000	15,500	Bank of Punjab	464,353	150,740
-	1,000	Berger Paints Pakistan	-	60,761
-	2,500	Dawood Hercules Limited	-	236,928
1,000	-	Allied Bank Limited	113,516	-
15,000	-	Fatima Fertilizer Company Limited	604,331	-
10,500	-	Engro Powergen Qadirpur Limited	453,686	-
-	5,000	Dandot Cement Company Limited	-	53,460
93	886	Habib Bank Limited	16,922	149,171
-	2,500	Hascol Petroleum Limited	-	224,281
-	15,000	JS Bank Limited	-	95,114
-	2,000	Kohenoor Textile Mills Limited	-	49,730
1,000	-	Gadoon Textile Mill Limited	276,038	-
-	1,000	KSB Pump Company Limited	-	90,514
10,000	-	Gul Ahmed Textile Limited	579,081	-
-	5,000	Netsol	-	161,182
10,000	-	Habib Metro Bank Limited	290,032	-
-	21,625	NIB Bank Limited	-	56,013
5,000	-	Mughal Iron & Steel Limited	265,037	-
6,047	5,000	Nimir Industries Limited	153,471	120,281
-	5,500	Pak Electron Limited	-	149,633



DAWOOD EQUITIES LIMITED

<i>2015</i>	<i>2014</i>	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
<i>Number of Shares</i>				
10,000	-	Lafarge Pakistan Cement Limited	196,027	-
1,500	-	Clover Pakistan Limited	186,277	-
100	-	Abbot Laboratories	72,300	-
8,205	8,205	Adamjee Insurance Company Limited	386,423	220,632
1,500	1,500	Kot Addu Power Company Limited	88,560	92,820
14,500	4,500	Askari Commercial Bank Limited	338,129	53,133
5,000	-	Oil & Gas Development Company	1,040,145	-
6,000	-	Bannu Woolen Mills limited	377,280	-
2,000	-	Nishat Chunian Limited	67,376	-
10,000	6,000	Pakistan Reinsurance Limited	301,742	195,687
5,500	-	System Limited	281,039	-
3,500	-	Pakistan Petroleum Limited	598,220	-
35,500	-	K Electric Limited	296,430	-
17,500	-	Pakistan Telecommunication Limited	384,086	-
-	10,000	Pakgen Power Company Limited	-	214,745
-	15,000	Power Cement Limited	-	90,734
-	3,333	Summit Bank Limited	-	7,668
-	4,000	Searle Pakistan Limited	-	840,285
-	500	Sitara Peroxide Limited	-	8,101
-	2,500	Sidiquesons Tin Plate	-	14,226
-	600	Tri Pack Films Limited	-	113,709
-	500	Thatta Cement	-	12,431
12,500	-	Treet Corporation Limited	349,526	-
500	-	Attock Cement Pakistan Limited	107,266	-
			14,662,910	10,722,974
		Gain/Loss on remeasurement of investments	(1,106,611)	849,838
			13,556,299	11,572,813

9.3.2 This includes securities with fair value of Rs.12.03 (2014 : Rs.9.97) million pledged with Karachi Stock Exchange Limited against trading.

2015
Rupees

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

Arif Habib Corporation Limited	53.22
Attock Petroleum Limited	567.22
Azgard Nine Limited	5.81
D.G. Khan Cement Limited	142.77
Dost Steel Limited	10.10
Engro Polymer & Chemical Limited	9.79



DAWOOD EQUITIES LIMITED

2015
Rupees

Thall Limited	285.43
Adam Sugar Mills Limited	18.10
Packages Limited	594.08
Lucky Cement Limited	519.62
Nishat Mills Limited	114.23
Aisha Steel	8.42
Lotte Chemical Pakistan Limited	6.92
Berger Paints Pakistan	92.95
Dawood Hercules Limited	116.77
Dandot Cement Company Limited	11.65
Habib Bank Limited	215.15
Hascol Petroleum Limited	114.51
JS Bank Limited	7.38
Kohenoor Textile Mills Limited	64.69
KSB Pump Company Limited	139.00
Netsol	45.95
NIB Bank Limited	2.02
Nimir Industries Limited	20.00
Pak Electron Limited	82.74
Lafarge Pakistan Cement Limited	19.46
Clover Pakistan Limited	85.33
Abbot Laboratories	667.31
Bannu Woolen Mills limited	50.89
Attock Cement Pakistan Limited	190.60
Fauji Fertilizer Bin Qasim Limited	55.32
Pakistan Reinsurance Limited	28.90
System Limited	46.07
Pakistan Petroleum Limited	164.26
Mughal Iron & Steel Limited	56.24
Nishat Chunian Limited	36.73
Kot Addu Power Company Limited	86.04
Allied Bank Limited	99.94
Fauji Fertilizer Company Limited	149.42
Adamjee Insurance Company Limited	47.62
Askari Commercial Bank Limited	21.21
Engro Powergen Qadirpur Limited	39.08
Akzo Noble Pakistan Limited	319.17
Pakgen Power Company Limited	30.01
Power Cement Limited	11.63
K Electric Limited	8.42
Bank of Punjab	9.13
Summit Bank Limited	3.39
Searle Pakistan Limited	320.69
Engro Fertilizer Limited	88.69



2015
Rupees

National Refinery Limited	232.06
ICI Pakistan Limited	428.87
National Bank Limited	53.19
Sitara Peroxide Limited	13.15
Gadoon Textile Mill Limited	164.76
Pakistan Telecommunication Limited	20.50
Oil & Gas Development Company	179.24
Habib Metro Bank Limited	30.00
Gul Ahmed Textile Limited	49.05
Fatima Fertilizer Company Limited	39.07
Sidiquesons Tin Plate	8.81
Treet Corporation limited	16.12
Tri Pack Films Limited	184.38
Thatta Cement	30.25

9.3.4 Units of mutual funds

2015	2014		2015	2014
---- Number of Units ----			Rupees	Rupees
147,659	129,626	NAFA Government Securities Liquid Fund	1,406,923	1,301,445
1,475	1,475	NAMCO Income Fund	156,274	137,600
		Gain on remeasurement of units	418,000	124,152
			1,981,197	1,563,197

9.3.5 The market value of each unit of fund is as follows:

NAMCO Income Fund	327.85	105.95
NAFA Government Securities Fund	10.14	10.05

10 TRADE DEBTS

Considered good		26,727,513	30,241,393
Considered doubtful		127,236,223	124,303,327
		153,963,736	154,544,720
Provision for considered doubtful	10.1	(78,684,691)	(78,819,691)
		75,279,045	75,725,029



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
10.1 Provision for trade debts considered doubtful			
Opening balance		78,819,691	80,111,059
Provision made during the year	25	-	508,232.00
Provision reverse during the year	25	(135,000)	(1,799,600)
		78,684,691	78,819,691
11 TRADE DEPOSITS AND SHORT TERM PREPAYMENTS			
Trade deposits		33,463,082	6,286,242
Prepayments		100,000	66,855
		33,563,082	6,353,097
12 OTHER RECEIVABLES			
<i>- Considered good</i>			
Receivable for KSE Office	12.1	12,606,550	12,606,550
Receivable from KSE		3,390,912	4,826,398
Receivable from NCCPL		995,058	518,804
Receivable from Dawood Money Market Fund - related party		1,055,016	1,110,016
Receivables from Dealers		360,248	360,248
Dividend receivable		-	1,025
		18,407,784	19,423,041
<p>This represents amount receivable from KSE in pursuance to agreement dated May 17, 2013 as compensation for old building. The compensation amount is finalized during 2014 and excess of Rs.4,581,550 is recognise as income.</p>			
13 TAX REFUNDS DUE FROM GOVERNMENT			
Opening balance		4,113,121	2,961,607
Add: Paid during the period		1,491,355	2,216,099
		5,604,476	5,177,706
Provision for taxation		-	(1,064,585)
		5,604,476	4,113,121
14 BANK BALANCES			
Cash in hand		3,236	1,745
Cash at bank			
Current accounts		2,758,889	3,087,660
Saving accounts	14.1	3,357,655	12,618
		6,119,780	3,102,023

14.1 Saving accounts carries mark-up at the rate of 3.1% (2014 : 5.61%) per annum.



DAWOOD EQUITIES LIMITED

15 ISSUED, SUBSCRIBED AND PAID-UP CAPITAL

<i>2015</i>	<i>2014</i>		<i>2015</i>	<i>2014</i>
<i>Number of Ordinary shares of Rs.10 each</i>			<i>Rupees</i>	<i>Rupees</i>
<u>24,996,500</u>	<u>24,996,500</u>	Fully paid in cash	<u>249,965,000</u>	<u>249,965,000</u>

16 RESERVES

- Capital reserve

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

	<i>Note</i>	<i>2015</i>	<i>2014</i>
		<i>Rupees</i>	<i>Rupees</i>
17 TRADE AND OTHER PAYABLES			
Trade creditors	17.1	26,545,721	38,948,943
Due to dealer		1,897,295	186,639
Temporary overdraft		4,849,279	-
Accrued expenses		2,202,271	1,211,377
Withholding tax payable		518,176	691,004
		<u>36,012,742</u>	<u>41,037,963</u>

17.1 This includes amount of Rs.498,000 (2014 : Rs.39,000) payable to related parties of the Company.

18 CONTINGENCIES AND COMMITMENTS

18.1 The 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. Honorable High Court has appointed Commissioner for determination of amount. Company expects favourable outcome of the case and therefore no further provision during current year has been made and management believes that provision of Rs. 28.672 million as already made is sufficient.

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 :-

18.4 An underwriting agreement has been signed on April 01, 2015 between Dreker Kingsway Limited (DKL) and Dawood Equities Limited (DEL) whereby DEL agreed to undertake seven million right shares at Rs.10/- each. The agreement stipulated that the DKL shall pay a fee of 0.75% of the total rupee amount within five business days from the signing of the agreement. However, it has not been recorded in the financial statements since it had not been received but has been received subsequent to year end.



DAWOOD EQUITIES LIMITED

	<i>Note</i>	2015 <i>Rupees</i>	2014 <i>Rupees</i>
For purchase of shares		<u>55,105,405</u>	<u>-</u>
For sale of shares		<u>61,001,152</u>	<u>-</u>
19 OPERATING REVENUE			
Brokerage commission	19.1	13,508,637	10,940,873
Custody / Laga / NCSS Fees		2,135,683	1,527,494
Underwriting commission		375,000	-
Dividend income		1,697,256	1,099,154
		<u>17,716,575</u>	<u>13,567,521</u>
19.1 Brokerage commission			
Gross commission		28,253,587	27,392,354
Sales tax/ Federal excise duty		(3,710,810)	(3,529,255)
		<u>24,542,777</u>	<u>23,863,099</u>
Commission to agents and dealers		(11,034,139)	(12,922,226)
		<u>13,508,637</u>	<u>10,940,873</u>
20 CAPITAL GAIN ON INVESTMENTS - NET			
Investments in others		<u>2,936,657</u>	<u>347,496</u>
21 GAIN / (LOSS) ON REMEASUREMENT OF INVESTMENTS CARRIED AT FAIR VALUE THROUGH PROFIT AND LOSS			
Related parties		-	(920,853)
Others		(986,479)	849,838
Units of open end mutual funds		418,000	124,152
		<u>(568,478)</u>	<u>53,137</u>
22 ADMINISTRATIVE EXPENSES	<i>Note</i>	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
Salaries and other benefits		4,799,017	3,847,831
Rent, rates & taxes		156,000	540,136
Repairs and maintenance		887,096	615,730
Utilities		697,396	525,360
Fees and subscription		928,303	718,295
Regulatory charges		1,762,719	1,128,174
Brokerage expenses		112,420	1,094,337
Printing and stationery		185,338	271,933
Legal and professional fees		515,367	689,733
Traveling and conveyance		11,990	17,305
Entertainment		160,943	94,927
Depreciation	4	107,804	148,034
Amortization	5	-	260,000
Miscellaneous expenses		43,127	66,111
		<u>10,367,520</u>	<u>10,017,906</u>



DAWOOD EQUITIES LIMITED

	<i>Note</i>	<i>2015 Rupees</i>	<i>2014 Rupees</i>
23 FINANCIAL CHARGES			
Bank charges		<u>64,227</u>	<u>74,871</u>
24 OTHER OPERATING INCOME			
From financial assets			
Profit on bank accounts		27,614	258,530
Profit on cash exposure		768,341	311,941
Income on Term finance certificate		14,988	-
Markup on Certificate on deposit		1,596	-
Liabilities written back		2,796,388	-
Reversal of Provision for bad debts		135,000	1,799,600
		<u>3,743,927</u>	<u>2,370,071</u>
From non financial assets			
Gain on KSE office		-	4,581,550
Gain on sale of fixed assets		5,400	284,933
Miscellaneous income		461,389	1,854,815
		<u>466,789</u>	<u>6,721,298</u>
		<u>4,210,716</u>	<u>9,091,369</u>
25 OTHER OPERATING CHARGES			
Provision for bad debts	10.1	-	508,232
Auditors' remuneration	25.1	563,850	463,600
		<u>563,850</u>	<u>971,832</u>
25.1 Auditors' remuneration			
Statutory audit		358,280	310,000
Half yearly review		57,880	50,000
Certifications and other services		104,690	100,000
Internal audit		43,000	-
System audit		-	3,600
		<u>563,850</u>	<u>463,600</u>
26 TAXATION			
		<i>2015 Rupees</i>	<i>2014 Rupees</i>
Current	26.1	(1,680,737)	(1,064,585)
Deferred		35,000,000	-
		<u>33,319,263</u>	<u>(1,064,585)</u>



DAWOOD EQUITIES LIMITED

26.1 Income Tax assessment of the Company has been finalized for the tax year 2014. 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>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
27 EARNING PER SHARE		
Profit after taxation	<u>46,619,136</u>	<u>10,930,329</u>
Weighted average number of ordinary shares	<u>24,996,500</u>	<u>24,996,500</u>
Income per share - basic	<u>1.87</u>	<u>0.44</u>

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

	<i>2015</i> <i>Rupees</i>	<i>2014</i> <i>Rupees</i>
28 FINANCIAL INSTRUMENTS BY CATEGORY		
FINANCIAL ASSETS		
Investment at fair value through profit or loss		
Long term investment	40,434,494	40,073,830
Short term investments	<u>17,162,054</u>	<u>14,665,491</u>
	<u>57,596,548</u>	54,739,321
Available for sale investments		
Short term investment	12,095,000	38,195,000
Loans and receivables		
Long term deposits	1,137,500	1,137,500
Trade debts	153,963,736	154,544,720
Trade deposits	33,463,082	6,286,242
Other receivable	18,047,536	19,062,793
Cash and bank balances	6,119,780	3,102,023
	<u>212,731,634</u>	<u>184,133,279</u>
	<u>282,423,182</u>	<u>277,067,599</u>
FINANCIAL LIABILITIES		
At fair value through profit or loss		
Trade and other payables	<u>36,012,742</u>	<u>41,037,963</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.



DAWOOD EQUITIES LIMITED

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.282.423 million (2014 : Rs.277.067 million) the financial assets which are subject to credit risk amounted to Rs.282.42 million (2014 : Rs.277.066 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, 2015, trade debts of Rs.127.236 million (2014 : Rs.124.303 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.0 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 some customers.

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

	<i>2015</i>	<i>2014</i>
	<i>Rupees</i>	<i>Rupees</i>
Long term deposits	1,137,500	1,137,500
Investments- long term and short term	69,691,548	92,934,321
Trade debts	153,963,736	154,544,720
Deposits	33,463,082	6,286,242
Other receivables	18,047,536	19,062,793
Bank balances	6,119,780	3,102,023
	<u>282,423,182</u>	<u>277,067,600</u>



DAWOOD EQUITIES LIMITED

The maximum exposure to credit risk for trade debts at balance sheet date amounting to Rs.282.059 (2014: Rs.277.065) million.

Provision for impairment losses

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

	2015		2014	
	Gross	Impairment	Gross	Impairment
	----- Rupees -----			
Past due 1-30 days	23,094,296	-	21,480,355	-
Past due 31 days -90 days	1,923,570	-	3,847,137	-
Past due 90 days -1 year	1,709,648	-	4,913,901	-
More than one year	127,236,223	(78,684,691)	124,348,515	(78,356,459)
Total	153,963,736	(78,684,691)	154,589,908	(78,356,459)

Based on past experience, consideration of financial position, past track records and recoveries, the Company believes that trade debts past due upto one year do not require any provision. The Company considers Rs.48.551 million (2014 : Rs.45.992 million) as recoverable out of total over due trade debts by more than one year.

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.

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	2015 Rupees	2014 Rupees
Bank Al-Habib Limited	PACRA	June 30, 2015	A1+	AA+	147,598	35,362
Habib Metropolitan Bank Limited	PACRA	June 30, 2015	A1+	AA+	2,009,201	14,265
MCB Bank Limited	PACRA	June 30, 2015	A1+	AAA	509,312	394,534
BURJ Bank Limited	JCR-VIS	June 30, 2015	A-2	A-	3,369,231	24,194
Bank Al-Falah Limited	PACRA	June 30, 2015	A1+	AA	50,925	2,621,142
The Bank of Khyber	PACRA	June 30, 2015	A	A1	4,659	4,659
United Bank Limited	JCR-VIS	June 30, 2015	A1+	AA+	25,617	6,122
					6,116,544	3,100,278

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.



DAWOOD EQUITIES LIMITED

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

	2015			
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
Financial Liabilities				
Trade and other payables	36,012,742	36,012,742	36,012,742	-
2014				
	<i>Carrying Amount</i>	<i>Contractual Cash flows</i>	<i>Less than one year</i>	<i>More than one year</i>
	----- Rupees -----			
Financial Liabilities				
Trade and other payables	41,037,963	41,037,963	41,037,963	-

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:

	2015	2014
	Rupees	Rupees
Financial Assets		
Variable Rate Instruments		
Bank balance - PLS account	<u>3,357,655</u>	<u>12,618</u>

Cash flow Sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased/(decreased) profit for the year by the amount shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2014.



Effect on profit and loss
100 bp 100 bp
increase decrease
(Rupees)

As at June 30, 2015

Cash flow Sensitivity - variable rate instruments	33,577	(33,577)
---	--------	----------

As at June 30, 2014

Cash flow Sensitivity - variable rate instruments	126	(126)
---	-----	-------

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 2013.

	<i>2015</i>	<i>2014</i>
	<i>Rupees</i>	<i>Rupees</i>
Effect on profit		
Increase / Decrease	1,319,637	1,193,081

Capital risk management

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

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

e) Fair Value of Financial Instruments

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

Fair value hierarchy

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

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).



DAWOOD EQUITIES LIMITED

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable).

	<i>Level 1</i>	<i>Level 2</i>	<i>Level 3</i>
	----- <i>Rupees</i> -----		
June 30, 2015			
Investments at fair value through Profit and loss			
- related parties	1,624,557	-	-
- others	13,556,299	1,981,197	-
Available for sale investments - related party	-	-	12,095,000
Investments in shares of KSE		40,434,494	
June 30, 2014			
Investments at fair value through Profit and loss			
- related parties	1,327,133	-	-
- others	11,775,161	1,563,197	-
Available for sale investments - related party	-	-	38,195,000
Investments in shares of KSE		40,073,830	

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>2015 Rupees</i>	<i>2014 Rupees</i>
Commission earned from brokerage transactions with member companies and key management personnel of member companies		<u>1,715,414</u>	<u>1,381,539</u>
Expenses paid / payable to member companies		<u>132,000</u>	<u>132,000</u>
FDIBL and others Employee Provident Fund			
Employer's contribution paid	30.1	<u>217,169</u>	<u>160,569</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 Companies Ordinance, 1984.



DAWOOD EQUITIES LIMITED

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.

	<i>2015</i>	<i>2014</i>
33 NUMBER OF EMPLOYEES		
Number of employees as at year end and average for the year	<u>9</u>	<u>9</u>

34 DATE OF AUTHORIZATION FOR ISSUE

These financial statements have been authorized for issue by the Board of Directors of the Company on September 28, 2015.

35 GENERAL

Figures have been rounded off to the nearest rupee.



Director



Director

In Absences of Chief Executive Approval from the Karachi Stock Exchange Limited, two directors are signing the financial statements including proposed Chief Executive being director.



DAWOOD EQUITIES LIMITED

Proxy From

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 31st day of October, 2015 at 8.45 a.m. and at any adjournment thereof.

As witnessed under my/our hand this _____ day of _____ 2015 _____

Signed by _____

Signature and address of the witness

Signature and address of the witness

Please affix
revenue
stamp

Signature of member



Affix
Correct
Postage

The Company Secretary
Dawood EQUITIES LIMITED
1900-B, Saima Trade Tower
I.I Chundrigger Road Karachi.
Phone: 021-32275200
Fax :021-32275086



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