



DAWOOD EQUITIES LIMITED

**Quarterly Report
September 30, 2019
(Un-Audited)**

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Our Vision

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

Our Mission

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



DAWOOD EQUITIES LIMITED

Board of Directors	Mr. Junaid Dada (Chairman) Abdul Aziz Habib (Chief Executive) Mr. Khalid Yousuf (Non executive Director) Mr. Asim Iftekhar Yakoob (Independent Director) Ms. Sobia Saif Syed Muhammad Abbas (Non executive Director) Mr. Saifullah
Chief Financial officer & Company Secretary	Mr. Salman Yaqoob
Audit Committee	Mr. Asim Iftekhar Yakoob- Chairman Mr. Khalid Yousuf Ms. Sobia Saif
HR & R Committee	Mr. Asim Iftekhar Yakoob- Chairman Syed Muhammad Abbas Abdul Aziz Habib
External Auditor	Haroon Zakaria & Co.
Internal Auditor	Sajid & Co. Chartered Accountants
Legal Advisor	Rauf & Ghaffar Law Associates
Bankers	Bank Al Habib Limited Habib Metropolitan Bank Limited Bank Al Falah Limited United Bank Limited Albaraka Bank (Pakistan) Limited MCB Bank Limited The Bank of Khyber
Website	www.dawoodequities.com
Registered Head Office	17th Floor - Saima Trade Towers A, I.I. Chindrigar Road, Karachi. Phone No. 021-32271881-1883 Fax No. 021-32275086
Registered Branch Offices	Room 409-410, 4th Floor, New Stock Exchange Building, Stock Exchange Road, Karachi. Phone No. 021-32418874, 32460744 Fax No. 021-32418873 Office no. 07, Mezzanine Floor, Auto Bhan Tower, Auto Bhan Road, Latifabad no. 03, Hyderabad. Tel: +92-22-3411027
Share Registrar	F.D Registrar Services (Pvt) Ltd 1705 17th Floor, Saima Trade Tower-A, I.I. Chundrigar Road, Karachi. Phone No. 021-35478192-93, 32271905 Fax. 021-32621233

DIRECTORS' REPORT TO THE MEMBERS

On the behalf of Board of Directors of Dawood Equities Limited (DEL), I am pleased to present herewith the unaudited financial statements for the first quarter ended September 30 2019.

FINANCIAL PERFORMANCE

The Company earned core operating revenue of Rs.4.0 million as compare to Rs.4.45 million in same period last year. The revenue has been reduced due to lower activity in shares trading by individual clients resulting from the decline in index of Pakistan Stock Exchange Limited.

The summary of Financial Results is as follows:

	September 30, 2019 Rupee	September 30, 2018 Rupees
Net Revenue	4,008,057	4,456,408
Administrative Expenses	(4,474,918)	(3,777,060)
Profit / (Loss) after tax	(450,709)	5,204,282
Earnings per share basic and diluted	(0.02)	0.21

Junaid Dada
Chairman

Abdul Aziz Habib
Chief Executive Officer

Karachi: October 28, 2019

ڈائریکٹرز کی رپورٹ برائے ممبران

داؤد ایجوٹیز لمیٹڈ (ڈی ای ایل) بورڈ آف ڈائریکٹرز کی جانب سے 30 ستمبر 2019 کو اختتام پذیر ہونے والی پہلی سہ ماہی کے لئے غیر آڈٹ شدہ مالیاتی اسٹیٹمنٹ پیش کرتے ہوئے خوشی محسوس کرتا ہوں۔

فنانشل پرفارمنس

کمپنی نے گذشتہ سال کے اسی عرصہ میں 4.45 ملین روپے کے مقابلے میں 4.0 ملین روپے کی بنیادی آپریٹنگ آمدنی حاصل کی۔

پاکستان اسٹاک ایکسچینج لمیٹڈ کے انڈیکس میں کمی کے نتیجے میں انفرادی کلائنٹس کی شیئر کی تجارت میں کم سرگرمی کی وجہ سے روینیو کم ہوا ہے۔

مالی نتائج کا خلاصہ مندرجہ ذیل ہے۔

30 ستمبر، 2018	30 ستمبر، 2019	
روپے	روپے	
4,456,408	4,008,057	نیٹ ریونیو
(3,777,060)	(4,474,918)	انتظامی اخراجات
5,204,282	(450,709)	ٹیکس کے بعد منافع / نقصان
0.21	(0.02)	آمدنی فی شیئر بنیادی اور کمزور

عبدالعزیز حبیب
چیف ایگزیکٹو افسر

جنید دادا
چیرمین

کراچی، 28 اکتوبر، 2019

DAWOOD EQUITIES LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2019

	<i>Note</i>	<i>SEPT 30 2019 Rupees</i>	<i>JUN 30 2019 Rupees</i>
<u>ASSETS</u>			
Non-Current Assets			
Property and equipment	5	7,307,610	7,463,573
Investment Property		6,218,500	6,218,500
Intangible assets	6	6,000,000	2,500,000
Long term investment	7	16,041,903	24,738,389
Long term deposits		1,887,500	1,887,500
Deferred taxation		41,499,336	41,499,336
		78,954,849	84,307,298
Current Assets			
Short term investments	8	17,102,192	28,976,668
Trade debts		79,022,355	77,789,488
Receivable against margin finance		1,728,493	1,513,424
Trade deposits and short term prepayments		22,018,261	9,623,616
Other receivable		3,929,424	11,284,135
Tax refunds due from government		20,810,891	20,727,692
Cash and bank balances		10,672,107	2,822,842
		155,283,722	152,737,865
		234,238,571	237,045,163
<u>EQUITY AND LIABILITIES</u>			
Capital and Reserves			
Authorized Share Capital			
30,000,000 Ordinary shares of Rs.10 each		300,000,000	300,000,000
Issued, subscribed and paid up capital		249,965,000	249,965,000
Reserves		(36,089,763)	(25,924,530)
Un-realized gain on re-measurement of investment available for sale		-	-
		213,875,237	224,040,470
Non Current Liabilities			
Rental deposits		25,000	25,000
Current Liabilities			
Trade and other payables		20,338,334	12,979,693
Contingencies and Commitments			
		-	-
Total Equity and Liabilities		234,238,571	237,045,163

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

Chief Executive

Chief Financial Officer

Director

DAWOOD EQUITIES LIMITED
CONDENSED INTERIM PROFIT AND LOSS ACCOUNT (UNAUDITED)
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2019

	Quarter Ended	
	30-Sep 2019	30-Sep 2018
	Rupees	
Operating revenue	4,008,057	4,456,408
Capital gain / (loss) on disposal of investments - net	(616,438)	(631,496)
Profit / (loss) on remeasurement of investments carried at fair value through profit and loss	(564,104)	1,377,105
	2,827,514	5,202,016
Administrative expenses	(4,474,918)	(3,777,060)
	(1,647,404)	1,424,956
Other operating income	1,288,945	3,953,400
Financial charges	(16,375)	(18,284)
Profit before taxation	(374,834)	5,360,072
Taxation - net	(75,875)	(155,790)
Profit after taxation	(450,709)	5,204,282
Earning per share - basic and diluted	(0.02)	0.21

The annexed notes form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

DAWOOD EQUITIES LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2019

	<i>2019</i> <i>Rupees</i>	<i>2018</i> <i>Rupees</i>
Profit for the year	(450,709)	5,204,282
Other comprehensive (loss) / income		
Un-realized gain on re-measurement of	(9,714,524)	(15,889,831)
Total comprehensive (loss) / income for the year	<u><u>(10,165,233)</u></u>	<u><u>(10,685,549)</u></u>

The annexed notes form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

DAWOOD EQUITIES LIMITED
STATEMENT OF CASH FLOW
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2019

	30-Sep 2019 Rupees	30-Sep 2018 Rupees
A. CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	(450,709)	5,360,072
Adjustment for non cash items:		
Depreciation	155,962	262,339
Loss / (gain) on remeasurement of investment	564,104	(1,377,105)
Capital (gain) / loss on disposal of investment	616,438	631,496
Dividend income	(55,969)	(31,625)
Increase in value of PMEX membership	(1,000,000)	-
Financial charges	16,375	18,284
	(153,798)	4,863,462
(Increase) / decrease in current assets		
Trade debts	(1,232,867)	16,818,235
Other receivables	7,354,711	2,708,639
Receivable against MF	(215,069)	(3,368,323)
Trade deposits and short term prepayments	(12,394,645)	(8,166,462)
	(6,487,870)	7,992,089
(Decrease) / increase in current liabilities		
Trade and other payables	7,358,641	(29,831,573)
	716,973	(16,976,022)
Taxes paid	(159,073)	(767,700)
Financial charges paid	(16,375)	(18,284)
	(175,448)	(785,984)
Net cash used in operating activities	541,525	(17,762,006)
B. CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment	-	(35,000)
Purchase of PMEX Membership Card	(2,500,000)	
Receipt from other income	75,876	-
Investments - net	9,675,896	5,800,974
Dividend received	55,969	31,625
Long term investments - net		
Net cash generated from investing activities	7,307,740	5,797,599
Net (decrease) / increase in cash and cash equivalents (A+B)	7,849,265	(11,964,407)
Cash and cash equivalents at the beginning of the period	2,822,842	18,883,066
Cash and cash equivalents at the end of the period	10,672,107	6,918,659

The annexed notes form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

DAWOOD EQUITIES LIMITED
STATEMENT OF CHANGES IN EQUITY
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2019

	<i>Issued, subscribed and paid up capital</i>	<i>Reserves</i>		<i>Revenue</i>	<i>Sub-Total</i>	<i>Total Equity</i>	
		<i>Capital</i>	<i>Share premium</i>				<i>Accumulated profit</i>
		<i>(Loss) / gain on remeasurement of AFS investment</i>					
		----- Rupees -----					
Balance as at July 01, 2018	249,965,000	14,572,684	74,973,750	(85,981,950)	3,564,484	253,529,484	
Profit for the period ended				5,204,282	5,204,282	5,204,282	
Loss on re-measurement of investment available for sale at par value		(15,889,831)			(15,889,831)	(15,889,831)	
Balance as at September 30, 2018	249,965,000	(1,317,147)	74,973,750	# (80,777,668)	(7,121,065)	242,843,935	
Balance as at October 01, 2018	249,965,000	(1,317,147)	74,973,750	(80,777,668)	(7,121,065)	242,843,935	
Profit for the period ended October - June 2019	-	-	-	(4,724,722)	(4,724,722)	(4,724,722)	
Loss on re-measurement of investment available for sale at par value	-	(11,579,092)	-	-	(11,579,092)	(11,579,092)	
Total comprehensive income for the period					(16,303,814)		
Transactions with owners							
Final Dividend for the year ended June 30, 2018 @ Rs. 0.1 per share				(2,499,650)	(2,499,650)	(2,499,650)	
Balance as at June 30, 2019	249,965,000	(12,896,239)	74,973,750	# (88,002,040)	(25,924,530)	224,040,470	
Balance as at July 01, 2019	249,965,000	(12,896,239)	74,973,750	(88,002,040)	(25,924,530)	224,040,470	
Profit for the period ended				(450,709)	(450,709)	(450,709)	
Loss on re-measurement of investment available for sale at par value		(9,714,524)			(9,714,524)	(9,714,524)	
Balance as at September 30, 2019	249,965,000	(22,610,763)	74,973,750	# (88,452,749)	(36,089,763)	213,875,237	

The annexed notes form an integral part of these financial statements.

Chief Executive

Chief Financial Officer

Director

DAWOOD EQUITIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2019

1 CORPORATE INFORMATION, OPERATIONS AND LEGAL STATUS

Dawood Equities Limited (the Company) was incorporated in Pakistan as an unquoted public limited company on May 3, 2006 under the Companies Act 2017. The Company commenced commercial operations from October 03, 2006. Subsequently the Company obtained listing on the Pakistan Stock Exchange Limited formerly Karachi Stock Exchange Limited on April 14, 2008. The registered office of the Company is situated at 1700-A, 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 SIGNIFICANT TRANSACTIONS AND EVENT THAT AFFECTED THE COMPANY'S FINANCIAL POSITION AND PERFORMANCE

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

3 BASIS OF PREPARATION

3.1 Statement of compliance

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

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

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

3.2 Basis of Measurement

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

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

3.3 Functional and presentation currency

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

3.4 Use of estimates and judgments

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

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

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.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies and the methods of computation adopted in the preparation of this condensed interim financial report is the same as those applied in the preparation of the financial statements for the year ended June 30 2019

DAWOOD EQUITIES LIMITED
NOTES TO THE CONDENSED INTERIM FINANCIAL REPORT
FOR THE THREE MONTH PERIOD ENDED SEPTEMBER 30, 2019 (UNAUDITED)

	(Un-audited)	(Audited)
	September 30	June 30,
	2019	2019
	Rupees	Rupees
5		
PROPERTY AND EQUIPMENT		
Opening net book value	7,463,573	7,955,420
Add: Additions	-	270,400
Less: Disposals-net	-	-
Depreciation	(155,963)	(762,247)
Closing net book value	<u><u>7,307,610</u></u>	<u><u>7,463,573</u></u>
5.1		
Following additions were made during the period		
Computer	-	-
Building	-	-
Furniture	-	-
Office equipment	-	35,000
Motor vehicle	-	235,400
	<u><u>-</u></u>	<u><u>270,400</u></u>
6		
INTANGIBLE ASSETS		
UNIVERSAL MEMBERSHIP RIGHT WITH PMEX	3,500,000	-
Trading Rights Entitlement Certificates (TREC)s	2,500,000	2,500,000
	<u><u>6,000,000</u></u>	<u><u>2,500,000</u></u>
7		
LONG TERM INVESTMENT		
Investment in shares of Pakistan Stock Exchange Limited - available for sale	24,738,389	37,583,322
Unrealized gain on remeasurement at par value	(8,696,486)	(12,844,933)
	<u><u>16,041,903</u></u>	<u><u>24,738,389</u></u>
8		
SHORT TERM INVESTMENTS		
At fair value - through other comprehensive income	7,464,690	14,649,690
Others - at fair value through profit & loss	9,637,502	14,326,978
	<u><u>17,102,192</u></u>	<u><u>28,976,668</u></u>
9		
CONTINGENCIES & COMMITMENTS		

The status of contingencies as were reported in the financial statements for the year ended June 30, 2019 is same as follows:

- 9.1** The Company has filed a suit in the Honorable High Court of Sindh against one of its corporate client against recovery of Rs.75.436 million and proceedings are in process. Honorable High Court has appointed Commissioner for determination of amount. Currently 100% provision of Rs. 75.436 million has been made as ultimate outcome is uncertain.
- 9.2** Compromise decree has been passed by the Honorable High Court of Sindh regarding fully provided balance of Mr. Abbas Qurban of Rs. 30.33 million, currently company is recovering the amount by monthly installment of Rs. 15,000 per month and reversing the provision in similar pattern.

10 TRANSACTION WITH RELATED PARTIES

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

	(Un-audited) September 30 2019 Rupees	(Audited) June 30, 2019 Rupees
Commission earned from brokerage transactions with member companies and key management personnel of members companies	<u>1,015,423</u>	<u>4,181,628</u>
FDIBL and others Employee Provident Fund	<u>182,394</u>	<u>364,788</u>
Employer's contribution paid		
Expenses paid / payable to member companies	<u>60,000</u>	<u>241,800</u>

1 REMUNERATION TO CHIEF EXECUTIVE OFFICER, DIRECTORS AND EXECUTIVES

	September 30 2019 Chief Executive Officer 300,000	June 30, 2019 Chief Executive Officer 800,000
◀▶ Managerial remuneration		

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

11 DATE FOR AUTHORIZATION FOR ISSUE

The Board of Directors of the Company authorized these interim financial statements for issue on October 28, 2019.

12 GENERAL

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

Chief Executive

Director

Chief Financial officer



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