

INDEPENDENT AUDITORS REPORT ON STATEMENT OF NET CAPITAL BALANCE

To the Chief Executive Officer of M/s. Dawood Equities Limited

Opinion

We have audited the Statement of Net Capital Balance of M/s. Dawood Equities Limited and notes to the Statement of Net Capital Balance as at June 30, 2017 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2017 is prepared, in all material respects, in accordance with the requirements of the Second Schedule of the Securities Brokers (Licensing and Operations) Regulations, 2016 (the Regulations) read with Rule 2(d) of the Securities Exchange Commission (SEC) Rules 1971 (SEC Rules 1971) issued by the Securities & Exchange Commission of Pakistan (SECP).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the statement* section of our report. We are independent of the Securities Broker in accordance with the ethical requirements that are relevant to our audit of the statement in Pakistan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter - Basis of Accounting and Restriction on Distribution

We draw attention to Note 1 to the statement, which describes the basis of accounting. The statement is prepared to assist the M/s. Dawood Equities Limited to meet the requirements of the SECP, Pakistan Stock Exchange (PSX) and National Clearing Company of Pakistan Limited (NCCPL). As a result, the statement may not be suitable for another purpose. Our report is intended solely for M/s. Dawood Equities Limited, SECP, PSX and NCCPL and should not be distributed to parties other than M/s. Dawood Equities Limited or the SECP, PSX or NCCPL. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the statement

Management is responsible for the preparation of the statement in accordance with the Regulations and the SEC Rules 1971, and for such internal control as management determines is necessary to enable the preparation of the statement that is free from material misstatement, whether due to fraud or error.

Those charged with governance is responsible for overseeing the Securities Broker's financial reporting process.

Auditor's Responsibilities for the Audit of the statement

Our objectives are to obtain reasonable assurance about whether the statement is free from material misstatement whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this statement.

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

- Identify and assess the risks of material misstatement of the statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Securities Broker's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates, if any, and related disclosures made by management.

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

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




Reanda Haroon Zakaria S G
Reanda Haroon Zakaria & Company
Chartered Accountants


Place: Karachi
Dated: September 15, 2017

DAWOOD EQUITIES LIMITED
CALCULATION OF NET CAPITAL BALANCE
AS AT JUNE 30, 2017

	<i>Note</i>	<i>Rupees</i>
<u>CURRENT ASSETS</u>		
Cash in hand		6,082
Cash at bank		
- Pertaining to brokerage house		11,318,624
- Pertaining to clients		918,702
Total bank balances	1	12,237,327
Margin Deposit		
- with NCCPL	2	22,010,403
Trade Receivables		
Book value		207,855,787
Less: Outstanding for more than 14 days		(168,113,662)
	3	39,742,125
Investment in listed securities in the name of brokerage house		25,344,834
Less: 15% discount		(3,801,725)
	4	21,543,109
Securities purchased for client where payment has not been received in 14 days	5	24,621,650
Total Current Assets	A	120,160,696
<u>CURRENT LIABILITIES</u>		
Trade Payables		
Book value		21,611,034
Less: Overdue for more than 30 days		(7,126,950)
	6	14,484,084
Other liabilities	7	22,337,792
Total Current Liabilities	B	36,821,876
NET CAPITAL BALANCE	A minus B	83,338,820




 Chief Executive


 Director

DAWOOD EQUITIES LIMITED
NOTES TO NET CAPITAL BALANCE CERTIFICATE
AS AT JUNE 30, 2017

RUPEES

1 CASH AT BANK

- Pertaining to brokerage house

Current Accounts

10,690,384

Saving Accounts

628,240

11,318,624

- Pertaining to clients

Saving Accounts

918,702

918,702

2 MARGIN DEPOSIT

Exposure Deposit (Ready)

1,500,770

Exposure Deposit (Future)

8,951,420

Exposure Deposit (Provisional)

1,310

MTS Exposure

11,556,903

22,010,403

3 TRADE RECEIVABLES

- Aging of Trade Receivables

197,625,572

- Receivables under MF

10,230,215

207,855,787

This amount is based on 14 days Net capital aging of trade receivables

4 INVESTMENT IN LISTED SECURITIES

In related parties through profit & loss

4.1

4,336,984

Others - ordinary shares

4.2

21,007,850

25,344,834

Less: 15% discount

(3,801,725)

21,543,109



Quantity Rate Amount

4.1 Particulars

Investment 786 Formally DCM	567,613	2.15	1,220,368
B.R.R. GUARDIAN MODARABA	330,500	9.43	3,116,615
			<u>4,336,984</u>

4.2 Particulars

ATTOCK PETROLEUM LIMITED	300	626.43	187,929
THE BANK OF PUNJAB - LoR - FREEZE	10,000	0.04	400
BYCO PETROLEUM PAKISTAN LIMITED	25,000	19.1	477,500
FAUJI FERTILIZER BIN QASIM LIMITED	17,000	42.84	728,280
FAUJI FERTILIZER COMPANY LIMITED	7,500	82.64	619,800
GUL AHMED TEXTILE MILLS LIMITED	500	40.98	20,490
THE HUB POWER COMPANY LIMITED	12,500	117.43	1,467,875
ICI PAKISTAN LIMITED	100	1094.55	109,455
ITTEHAD CHEMICALS LIMITED	500	31.28	15,640
KOT ADDU POWER COMPANY LIMITED	1,500	72.02	108,030
K-ELECTRIC LIMITED	300,000	6.9	2,070,000
MUGHAL IRON AND STEEL INDUSTRIES LTD	5,000	80.73	403,650
OIL & GAS DEVELOPMENT COMPANY LIMITED	5,000	140.69	703,450
OTSUKA PAKISTAN LIMITED	1,000	292.96	292,960
POWER CEMENT LIMITED	104,867	13.38	1,403,121
PAKISTAN STATE OIL COMPANY LIMITED	1,000	387.35	387,350
ITTEFAQ IRON INDUSTRIES LIMITED	369,494	30.2	11,158,719
TREET CORPORATION LIMITED	15,000	56.88	853,200
			<u>21,007,850</u>

5 SECURITIES HELD ON BEHALF OF CLIENT WHERE PAYMENT HAS NOT BEEN RECEIVED IN 14 DAYS

The amount represents lower of securities held and receivable above 14 days from clients.

6 INVESTMENT IN LISTED SECURITIES

This amount is based on 30 days Net capital aging of trade payables

RUPEES

7 OTHER LIABILITIES

Trade payable over due for more than 30 days	7,126,950
Due to dealer	1,437,796
Payable to BRRGM	11,158,719
Accrued expenses	1,946,851
Withholding tax payable	667,476
	<u>22,337,792</u>



[Signature]
Chief Executive

[Signature]

Director