

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, 2018 (together 'the statement').

In our opinion, the financial information in the statement of the Securities Broker as at June 30, 2018 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.

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 & Co.
Reanda Haroon Zakaria & Company
Chartered Accountants


Place: Karachi

Dated: September 14, 2018

DAWOOD EQUITIES LIMITED
CALCULATION OF NET CAPITAL BALANCE
AS AT JUNE 30, 2018

	<i>Note</i>	<i>Rupees</i>
<u>CURRENT ASSETS</u>		
Cash in hand		7,830
Cash at bank		
- Pertaining to brokerage house		5,530,653
- Pertaining to clients		13,344,583
Total bank balances	1	18,875,236
Margin Deposit		
- with NCCPL	2	10,893,403
Trade Receivables		
Book value		205,669,399
Less: Outstanding for more than 14 days		(189,153,253)
	3	16,516,146
Investment in listed securities in the name of brokerage house		44,840,602
Less: 15% discount		(6,726,090)
	4	38,114,512
Securities purchased for client where payment has not been received in 14 days	5	25,050,511
Total Current Assets	A	109,457,638
<u>CURRENT LIABILITIES</u>		
Trade Payables		
Book value		26,476,177
Less: Overdue for more than 30 days		(17,092,783)
	6	9,383,395
Other liabilities	7	40,476,944
Total Current Liabilities	B	49,860,338
NET CAPITAL BALANCE	A minus B	59,597,300




 Chief Executive


 Director

WOOD EQUITIES LIMITED
NOTES TO NET CAPITAL BALANCE CERTIFICATE
AS AT JUNE 30, 2018

Note Rupees

1 CASH AT BANK

- Pertaining to brokerage house

Current Accounts	4,006,416
Saving Accounts	1,524,237
	<u>5,530,653</u>

- Pertaining to clients

Saving Accounts	<u>13,344,583</u>
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2 MARGIN DEPOSIT

Exposure Deposit (Ready)	2,000,000
Exposure Deposit (Future)	5,847,190
Exposure Deposit (Provisional)	1,310
MTS Exposure	3,044,903
	<u>10,893,403</u>

3 TRADE RECEIVABLES

Aging of trade receivables	<u>205,669,399</u>
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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	1,332,909
Others - ordinary shares	4.2	43,507,693
		<u>44,840,602</u>
Less: 15% discount		<u>(6,726,090)</u>
		<u>38,114,512</u>

4.1 Particulars

<i>Quantity</i>	<i>Rate</i>	<i>Amount</i>
Investment 786 Formally DCM	567,613	2.15
B.R.R. Guardian Modaraba	451	7.59
First Dawood Investment Bank Limited	30,000	4.58
		<u>1,361,186</u>
		<u>(28,277)</u>
		<u>1,332,909</u>



Loss on remeasurement of investments

4.2 Particulars

	Quantity	Rate	Amount
Allied Rental Modaraba	19,668	15.00	295,020
Ansari Sugar Mills	1,238,371	20.00	24,765,537
Attock Petroleum Limited	300	626.43	187,929
Bank Al Falah Limited	6,500	52.29	339,899
Byco Petroleum Pakistan Limited	10,000	12.20	122,005
Cherat Cement Company Limited	3,500	112.81	394,851
Crescent Star Insurance	5,000	4.69	23,457
Dost Steels Limited	31,000	11.81	366,120
Fauji Fertilizer Bin Qasim Limited	18,000	37.50	675,027
Fauji Fertilizer Company Limited	9,500	97.95	930,562
ICI Pakistan Limited	100	1,094.55	109,455
International Industries Limited	2,000	247.70	495,396
Ittehad Chemicals Limited	500	31.28	15,640
K-Electric Limited	280,000	5.98	1,674,613
Kohinoor Textile Mills	300	60.00	18,000
Kot Addu Power Company Limited	1,500	72.02	108,030
Maple Leaf Cem Limited	5,000	54.76	273,788
Mughal Iron & Steel Limited	2,500	64.61	161,521
Otsuka Pakistan Limited	400	267.65	107,060
Pak Electron	5,000	34.33	171,657
Pakistan International Bulk Limited	20,000	12.21	244,210
Power Cement Limited	367	8.79	3,225
Service Industries Limited	400	782.32	312,930
Sui Northern Gas Pipe Line Limited	5,000	97.46	487,320
Sui Southern Gas Co	24,500	36.15	885,632
The Bank of Punjab Limited	669,808	11.78	7,888,348
The Hub Power Company Limited	10,000	98.03	980,339
Treet Corporation Limited	16,500	36.05	594,849
TRG Pakistan Limited - "Class- A"	1,000	37.37	37,369
Tristar Polyester Limited	25,000	20.46	511,572
			<u>43,181,361</u>
Gain on remeasurement of investments			<u>326,332</u>
			<u><u>43,507,693</u></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.



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	17,092,783
Payable to NCCPL	624,936
Accrued expenses	22,086,309
Withholding tax payable	672,916
	<u>40,476,944</u>



Chief Executive



Director

